THE BUSINESS MAN'S ENCYCLOPEDIA

THE BUSINESS MAN'S ENCYCLOPEDIA

VOLUME III

THE BUSINESS MAN'S BRAIN
PARTNERS—BUSINESS MANAGEMENT
—DEVELOPING THE SALES
CAMPAIGN—INDEX

NINTH REVISED EDITION

A. W. SHAW COMPANY
CHICAGO NEW YORK
LONDON
1916

COPYRIGHT, 1912, BY
A. W. SHAW COMPANY

COPYRIGHT, 1915, BY
A. W. SHAW COMPANY

CONTENTS

VOLUME III

BOOK VI—BUSINESS MANAGEMENT

	Page
Financing a Business Proposition	262
Selling Stock to Secure Capital	267
Management of Departments of a Business	273
Description of Departments	274
The Processing Department	278
The Inspection Department	279
Hiring Help	279
Getting Employees by Advertising	283
The Employment Agency	287
Hiring Help by Answering Advertisements	290
Starting the New Employee	297
Supervision of Employees	300
Engineering System of Wage Payment	307

BOOK VII—MARKETING A PRODUCT—SELLING

The Sales Campaign	311
Retailing—"Selling Over the Counter"	314
Advantages of Small Town	317
Suburban Retailing	318
City Retailing	319
Problems of Retail Buying	321
Selling Goods	323
Circularizing	325
Economy in Retailing	328
Distribution	334
Special Retail Problems	340
Special Sales	345
Dealing with Competition	346

BOOK VI

BUSINESS MANAGEMENT

Whatever may be the reports of the commercial agencies, it is poor management which causes the greatest percentage of business failures. Ill-luck—the unexpected crop failure or earthquake—may now and then wipe out a business, but mismanagement steadily and surely adds its enormous quota to the failure list.

Poor business management comes from lack of knowledge of the "how" of managerial methods. The man who does not know how to manage his business—or who does not get some one who knows how, to do it for him—is only baiting failure. Good management comes from an intimate knowledge of a business, a knowledge of the principles of management and the ability and will to apply those principles.

Management is of two kinds, general and detail. A man may be a good general manager, and not know details. Another man may be an excellent detail manager, and still lack all knowledge necessary to general management. When a knowledge of general is combined with a knowledge of special management, then is seen a "captain of industry." These business leaders have been, by far the greater part, men who have the broad grasp of the big principles, and an intimate knowledge of the trade details of their proposition.

An illustration of good general management would be that of a man who has the broad grasp to know whether it would be feasible to run a railway from New York City to the Pacific coast. Such a man might not be able to swing a spike maul or tamp a tie, and yet possess a knowledge of general railway conditions which would enable him to manage a vast railway enterprise. The foreman of a construction gang on the other hand, would be obliged to know in detail all facts

affecting construction; in order to be a competent manager he should be able to do everything which is required of his subordinates. In those super-rare cases where a manager has both general and special knowledge, the two kinds round out each other, making both better.

The opportunities which exist in the management field are outranked by perhaps only one other. Marketing a product—the ability to sell—commands at times a higher price in business than managerial ability. But either business management or sales ability commands —alike in direct salary returns or in the more indirect returns through increase in trade and profits—the most money to be made in business.

FINANCING A BUSINESS PROPOSITION.

Money is the lifeblood of any business. An undersupply means under-development of the business; thinned down below a certain point, it means death. Whatever be the business, the first great factor to be reckoned with is financing the proposition; has it, or can it get money upon which to run?

The majority of businesses are underfinanced—not because they do not pay or because they afford a safe investment—but because the proprietor has not the time and sometimes has not the facility for financing his proposition.

There never was a time when financial backing was secured as easily as now. There never was such a vast amount of money available for legitimate financial purposes, as there is at the present time. How best to get it? is the question that every man in business is asking himself.

There are four ways—each having their various advantages—of getting money to finance a business. Each will be taken up in order.

The Cash Basis Plan.—The first method of financing a business proposition is simplicity itself. It is that of financing it on a cash basis with your own funds or funds permanently in your trust. The percentage of

business men who can do this is small indeed, perhaps less than one-tenth of one per cent. But it is a method which many men have tried at least once in their business life. Many men are trying it today, only to adopt other methods later.

When a man starts in business with the intention of financing himself either one of two condition exist. He either has sufficient funds to meet all contingencies or he has not. That is plain. The business man with sufficient funds who is financing himself has his problem as well as the man who is "wild-catting." True, these problems are not disconcerting, but they are to be reckoned with.

What to do With Idle Funds.—First is the dead capital problem. Any business calls for more money at certain times than at others. A business on a cash basis, then, is bound to have funds lying idle at certain seasons of the year. Being variable in amount and subject to sudden calls, the investment of these funds so as to obtain other than a very small amount of interest is difficult—often impracticable. Some few banks allow a small rate on balances; more do not. Few non-speculative investments are available. So there is the problem of carrying a variable amount of dead capital. Usually it is best met by some arrangement with a bank or trust company to take care of the fund—even though the interest rate be small.

Credit Methods Have the Sanction of Use.—The next problem for the business which is financed from the inside is that it is shut out from participating in the many credit benefits which come to borrowers. The present system of credit has grown up because conditions demanded it and because it presents an array of advantages not to be lightly disregarded. The cash business is "out of tune" with the credit system and the businesses employing it.

But the advantages are many and—naturally—outweigh the disadvantages. The man who can buy for cash can pick his market. He is under no obligations to anyone. He can buy where and when he pleases.

Picking a jobber or supplier who has to have money, he can get quotations at prices far below the credit buyer. In fact many businesses are built up on this principle. They go into the market with cash—avowedly looking for "snaps." They then throw these pick-ups on the market at prices which win favor and make a quick turn. This is the theory of the cash buyer.

Cash a Powerful Trade Lever.—Discounts offer an opportunity for the legitimate exercise of the power of cash. "Scalping"—where a man spends considerable time snap-looking—is considered somewhat illegitimate by the ordinary buyer. It savors too much of taking advantage of others' misfortunes. Then the stocks so secured are liable to be poorly-assorted, shopworn, or not up to the grade in style or quality. In fact the cash buyer looking for snaps is looked upon as a demoralizer in more ways than one. This is not true, however, of the man who buys "straight" and takes his discount. The ability to pay cash affords of itself a fair profit on an investment. An instance: A fair trade discount is five per cent, 90 days. The cash buyer makes an initial profit on his buying equal to the difference between five per cent and the interest he could secure on a dollar for ninety days. This in itself is a fair profit. Where stocks are turned often this may make the difference between the eventual success and failure of the business.

The policy of making quick turns of capital is easier followed out where the business has the cash. There is a possibility of getting quicker delivery on cash purchases—the time between the order and the sale of goods can be cut down materially with a consequent increase in the quickness of the turn-over.

Some of these conditions apply to a business which borrows money to buy for cash, but in the main a business man who is a borrower, also extends credit.

The "Doubling Your Capital" Scheme.—In a great majority of cases a business man does not have sufficient funds to conduct his business were it to expand. This has given rise to a condition analogous to that of the man who tries to pull himself over a fence by

tugging at his boot-straps. Every day men are starting in business with only a small capital available, figuring that what money comes in will be immediately put back in the business and so the business be made to finance itself. This theory was made the subject of an excellent circular letter put out by Wells and Corbin, the advertising men of Philadelphia. This letter undertook to show that the road to fortune lay in the investment of a small amount in an advertising proposition; getting twice the amount invested in returns from the advertising; reinvesting that—and continuing the system until—after doubling, and reinvestments there would be available enough capital for even a large business to run on. The successful application of this scheme would call for more business acumen than is ordinarily possessed by the average man—but it has been done—and probably will be done again. But the man who builds up a business after this fashion often sees so many opportunities pass because of lack of capital that his growth seems slow —slower than it really is.

Making the Supplier Finance the Business.—The second broad head under which a business proposition may be financed is by the common means of getting a line of credit such that it is possible to stock up on medium or long time given by the supplier. At the one extreme of this method stands the consignment method by which the supplier makes the dealer his agent and furnishes him with a line for sale, remittances to be made only when sales are made and as the retail purchaser settles. This is really going into business "at the supplier's expense." At the other extreme is the conservative supplier requiring remittances on the first of the month or 30 days after the date of delivery. There is every graduation between these two. Perhaps the average term of credit is somewhere about 60 days. Some firms make a practice of timing remittances so as to get the benefit of a longer term of credit, often by means of practical payments.

Why Businesses Have a Certain Credit Rating.—Every business man, theoretically, is supposed to have

a definite line of credit. But there is practically no marked uniformity in credit rating. Of two businesses apparently the same in every respect one may have from two to five times as good a financial rating as the other.

What factors have made this?

Three, most probably. The firm having the superior rating has (1) paid promptly, or in case it was impossible to do that, anticipated the delay and informed the supplier, offering partial payment and security for the remainder; (2) maintained a reputation for courtesy and progressiveness, and (3) co-operated with the credit agencies.

Methods of Getting a Good Credit Rating.—To get credit from the supplier a business should observe the cardinal rules listed above. To get an A1 rating on a supplier's book, every obligation should be met on time —not ten days or five days or one day after payment date, but exactly on the dot. It is surprising the satisfaction with which any supplying firm views prompt payments. It is the strongest argument for a larger credit line that can be advanced. When, owing to unavoidable causes it is impossible to meet a bill when due, make a thorough report; state why payment will be deferred, how long, what security can be given when it becomes overdue and ask for an extension. This is such a departure from the ordinary method —where an account is allowed to mature, and a few days after maturity the supplying firm is written that the account will be taken care of at the earliest possible moment or some other similar ambiguous promise is made that it assists materially in preserving credit. Make a definite promise and stick to it.

(2) It is indeed surprising how far business courtesy and a reputation for progressiveness go towards a good credit rating. A firm, the individuals of which are uniformly courteous to customers, traveling salesmen, correspondents, has in that courtesy a valuable business asset. But more than that the business man who sets himself apart from his fellow conservatives by originating and using business plans carried out

with originality and energy, gains the co-operation so necessary to credit.

The general methods of obtaining credit are very much the same as those used to obtain credit from an individual supplier. As a general thing, a business which can satisfy any firm with which it does business, can satisfy the general run of firms in the same or even in general lines. But there is, of course, a great deal of difference in supplying firms. Some are very rigid about extending credit. These firms are either the old established houses or they are younger firms who have to be very careful about the credit risks which they take. Between these two there is a large class of supplying firms which have only the ordinary credit restrictions about their business.

Where suppliers are constantly expanding and taking on more business, their credit requirements may not be constant. With the hiring of new help and change in the credit department or any changes which require capital, the old credit conditions may experience a corresponding change.

The ordinary house, however, bases its judgment upon the general credit ratings, the reports of its salesmen, and the general judgment of the credit man.

SELLING STOCK TO SECURE CAPITAL.

The third great division by which capital may be secured either wholly or in part, is by the sale of stock.

There is little or no difficulty surrounding the procuring of a charter. Nor does the capitalization of the company need to bear much relation to the amount of capital that it actually has. While state laws differ in this respect, yet in every state there is more or less chance for padding to be done. A corporation having a few thousand dollars, for instance, may incorporate for fifty, one hundred or five hundred thousand dollars, as it suits it best. So a corporation is easy to organize and to finance—on paper. There are many of these paper corporations in existence which are deliberately organized for large sums in order to

be able to sell their stock at a substantial discount. These, however, are stock-selling propositions, not legitimate business propositions, and need not be considered here.

The General Advantages of Selling Stock.—There are several prominent advantages in financing a business by the sale of stock. The first is that it provides capital; the next, it gets interested stock-holders. Further than this, it provides for assistance in the consultation and management by providing a board of interested directors. Lastly, a corporation rightly organized the stock of which has been conservatively put upon the market, has a fair amount of commercial prestige.

Capital Provided by the Sale of Stock.—The first great advantage of selling stock is that it provides a working capital for a business. The money so obtained is not borrowed; it becomes the actual property of the corporation. Good will is an intangible asset at best, but when stock is sold it becomes a most tanglible one. At times it is impossible to borrow a single cent on the good will and prospects of a business no matter how good they both may be. But when stock is offered covering such good will, the borrowing difficulty is done away with. All the general advantages which come from the having of capital come from the sale of stock. It gives ready money, and as such, is a powerful lever for increasing and maintaining business.

The Advantage of Having Interested Stockholders.—The interested stockholder is a man who "plugs for business." There is no man in a community who has the money to buy a small block of stock who is not able to swing some trade to a business, no matter how big that business is, or even if it be engaged in deals outside that stockholder's apparent interest. A satisfied stockholder is one of the best assets of a company.

There are numerous businesses which are built up to a great part on the business of the stockholders. One of the advantages of a National or State bank over an ordinary private bank, for instance, is that the various stockholders of the concern not only trans-

act their own business with the bank in which they own stock, but they form a center of interest about which are grouped customers. The same conditions hold in a mercantile business where the farmers throughout the country are holders of stock. These stockholders all feel that when they trade at "their" store they are getting a refund on their purchases in the way of dividends on their holdings.

Assistance in Consultation and Management.—There are times when even the most experienced business man is at a loss what move to take. Also it is difficult to interpret with surety if certain policies are for good or for evil. The man actually in the business has difficulty in getting a perspective on it. He is able to see it only through the glasses of his own self-interest. Stockholders not only give an opportunity for securing a board of directors which will assist in the consultation and management, but often the advice of a small stockholder will be pertinent and exactly to the point. Advice of this kind is usually not only freely given, but it is gladly given. Any man is pleased to be called into a consultation, particularly on a business of which he has not made a close study. He is flattered by being judged broad enough to determine some policy that is outside of his immediate line.

In the immediate management of a business, the stockholders may be drawn upon for the knowledge which they professionally possess. For instance, the attorney for an incorporated business will in all probability be one of its stockholders. Many times the main supplier will be interested because of his holdings. This brings a number of varied views to bear on the puzzling propositions which are constantly coming up in business.

Commercial Prestige.—A corporation rightly organized gives a fair share of commercial prestige. By right organization is meant that the backers of the corporation are men noted for business sagacity. They must be men who either have a reputation for large and profitable financial deals, or men who have the reputation for business shrewdness when rightly backed. Money and brains should be rightly mixed in the ideal

business corporation. Money alone is liable to lie stagnant, particularly when the men who furnish the money are not able to devote their time to the business in which the money is invested.

Brains alone are useless without the proper financial backing. A good rule is that which says, "With money for backing and brains for judgment, any legitimate business can make a success."

When a business is considering whether or not to raise money by the sale of stock, the advantages alone should not be considered. There are a larger number of disadvantages in this matter of procedure, but all of these disadvantages are small. Indeed, under good business management they may be so small as to be entirely a negligible quantity. These disadvantages will be taken up one by one below.

Cost of Selling Stock.—When any stock proposition is placed upon the market, it costs a considerable commission to sell it. But besides this cost, there is always the risk—the moral obligation—which the promoters assume to the stock-buyers at home. Should the corporation ever fail, it means that the promoters lose—not only their own funds, but they are morally obligated to replace those which have been intrusted to them. Examples of this kind are numerous. For instance, in the past few years, hundreds or perhaps thousands of corporations were organized for the development of the oil wells in Texas. Many of the promoters were so enthusiastic about the oil proposition that they not only invested their own money, but used every possible inducement to get their friends and relatives in on the "good thing." When the slump occurred, these men were morally indebted to those whom they had induced to invest.

Where stock is sold by one of the promoters, a certain percentage of the proceeds must go to the man who does the promotion work. He may be paid either in stock or in cash. Seldom a business is financed in which the cost of promotion does not range from five to twenty-five per cent. This means that a concession of just that percentage is made in order to obtain the

funds. It is a question if at times it would not be possible to secure credit from a bank or other financial agents at less exorbitant terms than that charged by the promoter. When of every dollar taken in, twenty-five per cent must go to the stock salesman, it means that considerable sacrifice is being made in order to realize money. If in addition to that, stock is put on the market having a fair backing in valuation, it may mean that $100 worth of property is being sold for $75. This of itself is a poor business move.

Determination of Value—a Difficult Point.—The determination of the price at which to sell a stock—that is the amount of value that lies back of the stock, is a difficult matter to determine. A great deal of the value of a stock is liable to be intangible. Take the case of a department store which has worked up a good business and has, say inventory of $50,000 on its shelves. The trade prospects alone may be worth another $50,000. At this point, the problem of the size of the corporation—the amount of stock that is to be issued—is an important one. Shall it be $50,000, the value of the stock? Obviously not. Shall it be $100,000, the value of the stock, plus the good will and trade prospects? Shall it be $150,000, capital enough to swing the proposition and make it much bigger? The first question is easily answered, the second not so easily. And yet it is to be remembered that the success of the corporation depends upon the stock being sold at its full value. And so the question is one of great importance. Whatever the value of the stock may be, it will be difficult to sell it at its full value. This is for the well-known trade reason that the man who brings money to invest in a stock demands some premium for his "risk." His money is sure to bring a small income at least—the three per cent of the savings banks. If he is a shrewd investor and dabbles in real estate or has intrusted a friend who does this—his income may yield him seven, or ten, or fifteen per cent without what he calls risk. But when he exchanges his money for stock, he has the feeling that there should be either a chance for a big return or that the returns if smaller, should be positively sure.

Combatting this feeling, makes it difficult to sell a stock at its full value.

Price of Stock—the Barometer for the Business.—Stock once sold is closely watched by the investor. In case of a falling off in business he is pretty sure to know of it. That means that what would ordinarily be a business secret is common property of a large number. Investors are prone to collect their dividends every year and are not willing to sacrifice one year's dividends in order to bring up a business and obtain a better rate for coming years. The owner of a business is willing to make any reasonable sacrifice of this kind and as a consequence, when he has to deal with investors who want dividends, he finds that he is up against a very different proposition. The indication of prosperity or adversity shown by a dividend or the paying of a dividend may have a favorable or unfavorable effect on the entire organization.

Stock Liable to Depreciate.—When stock is sold the buyers are liable to be enthusiastic about its possibilities—for a time. A few are able to hold their enthusiasm long after the transfer. This means that the depreciation to the general management of the business is liable to occur, and it becomes someone's duty to keep the stockholders in condition. They must not be allowed to become too dissatisfied or the stock will depreciate. Then, too, a man who has been sold one block of stock often is anxious to sell again at a profit to invest that money in some other proposition. A few of these sales tend to depreciate stock considerably below par.

Restrictions of Credit.—When the stock of a corporation is placed upon the market, the investors generally belong to one circle. The investors are liable to be made up of one or two of the clubs or cliques which are so numerous in a city or town. This means that they all draw their finances pretty well from one source. When a new corporation is organized, many of them are eventually compelled to borrow, particularly if their purchases of stock are large. The money that is borrowed for stock investments will probably come from one or two banks. This will mean that these bank

will cut down the line of credit for the organizing company just about that much. If "A" borrows a thousand dollars which he invests in stock, it is probable that the organizing company getting the benefit of that money directly will find it difficult to borrow from the bank from which this money was obtained. In other words, the organized company will find that its credit has not increased in proportion to the increase in capitalization. The club of investors which it represents will be obliged to withdraw their deposits from their bank and they will be obliged to become borrowers. This will be charged up to the organizing company. The corporation—to a certain extent—becomes a competitor of the bank when it sells stock.

MANAGEMENT OF THE VARIOUS DEPARTMENTS OF A BUSINESS.

Business management is getting more and more to be a management of the organized business. When a business has run for some time it is liable to be an unplanned affair. It has no definite organization, as it has grown by a series of additions. Perhaps as good a comparison as can be made between an organized and an unorganized business is to compare a building which has been built by a series of additions with one which has been definitely planned from the start. The ordinary business, not being planned at the start for growth, has its additions crowded on to it. The organized business, being planned for growth, takes care of the various departments which are necessary to it, in a systematic manner.

Any business—no matter of what kind—should be divided into the two broad divisions, the incoming division and the out-going division. The incoming division receives everything and takes care of everything which has to do with receipt. The outgoing division has as its function the supervision and handling of outgo.

There are two methods of obtaining the material which is to make up the product handled in the in-

coming department. The most common method is that of making the product which is to be sold. A more common term where the product is made in large quantities is that of manufacturing. This term of course is not restricted to manufacture in lots, but is now used to include engineering operations as well. The traditional method of getting a product was to make it in such quantities as would offer a good sale. Later the custom became common of purchasing a product from those who had made it; so getting a stock by means of buying. Sometimes these two methods are combined and a firm will both manufacture a line and purchase a part of it. So the function of the incoming department is that of acquiring a product to be sold.

The outgoing department, now designated the sales department, is that department which concerns itself entirely with sales.

Some authorities give a third and a fourth department, which they do not separate. The bookkeeping or acounting department takes charge of all records. Everything that is done that necessitates a record, is taken care of by the accounting division.

The department of supervision, or the management of a business cannot be localized. Like the accounting department it spreads over all the other departments and is general rather than local. The best way to think of these divisions is to separate a business into the incoming division in which all the production flows toward the business and the outgoing division in which the flow of production is away. Then both of these departments requiring supervision and accounting bring into being two divisions which spread over both the incoming and outgoing departments.

THE DEPARTMENTS IN DETAIL.

Manufacturing and Purchasing.—When a business depends upon purchasing to secure its stock—that is when it is a jobbing business, either absolute or in a modified form—comparatively little supervision is necessary. Management then vests in the Buying Department. It is here that the success or non-success of

the business is bound to show. On the ability of the buyer depends the entire success of the institution. Now, because the Buying Department is small; because it has not many employees, it demands a kind of supervision that is not needed in the factory. The broad rules which the buyer is to observe will be marked out by the Business Manager. To him is then left the detail work of the taking on a satisfactory stock at a right price. If the stock is wrongly assorted, or if the price at which it is bought, is too high, the business loses money. As a general thing the Business manager will confine himself more particularly to determining what lines and what quantities are to be bought; the Buyer then devotes his energy to the price and to the problem of handling the salesman. He makes a study of qualities and lists—keeps a graphic chart of prices for a number of years, with which to compare present prices—and in every possible way, works for efficiency in his purchasing methods.

Buying Methods Not Spectacular.—The reason why the Buying Department of a business is often under rated is because buying methods have nothing of the spectacular. In manufacturing, an extensive plant must be maintained. The detail connected with the making of a product from the time of purchase to the time when it is stored for sale is not only intensely interesting, but calls for a large force of employees. To manufacture even a small amount of goods may require an enormous outlay for a plant or factory. To buy the same amount for jobbing purposes requires practically no outlay for an organization. It utilizes capital and a knowledge of the buying and selling market, that is all.

The Buying Department of a Factory.—The purchasing for a factory may be done by any one of the various employees. Usually the manager, the assistant manager, or if the factory is a large one, a purchasing agent handles the buying. In some cases the work is split up into divisions. A foreman may requisition material, subject to the O. K. of a department head. He may even order certain material on his own responsibility, merely forwarding a purchase notification to

another department. Usually heavy buying—that requiring an expenditure above a certain sum—is done in the head office. By the use of systems a demand for the material is automatically shown by inventory and stock records.

No General Rule to Be Laid Down for Purchasing.—Sometimes it is best to localize the buying in one person; sometimes it is better to distribute it among a number. Which of various plans is preferable is usually determined by trying different methods and using the one best adapted to the particular business.

The Storage Department.—The Storage Department of a business concerns itself with (1) The storage of the raw material. (2) The storage of finished product. Material once purchased must be immediately available for manufacture. It must be so stored that the quality and quantity—particularly the latter, are immediately determinable.

There are two general methods of storing. In the first the product is kept in one store room in charge of a stockkeeper, who is responsible for the entire amount on storage. He signs receipts for incoming material and gives out material only on requisition from some one authorized to call for it. He keeps track—by means of perpetual inventories—of the amount of stock on hand and when any of it reaches the minimum amount he notifies the buyer.

The second method of keeping track of stock is that in which the stockkeeping department is not localized. There may be from two to a dozen or more stockrooms. The kind of material to be manufactured may be such that it is impossible to keep it in one room, under one stockkeeper's charge. For instance, in a manufacturing business, using large quantities of iron and also many small parts, the heavy material might be piled in a yard, while the lighter material—being subject to depreciation, would be kept carefully in a suitable stock room.

The management and supervision of the two kinds of storage conditions differ considerably. In the first—where there is one storage room—the stockkeeper is an important employee. Upon his accuracy and judgment

may depend considerably the success of the business. Where the buying authority, however, is vested in one man and the Storage Departments are distributed about the plant in charge if different stockkeepers, the Storage Department is really an adjunct to the Buying Department. As such it is not so important.

The Storage of Raw Material.—The main requisite in the storage of raw material is that it be easily found and available for use without loss of time and money in moving it. For instance, a manufacturing plant would unload its cars as near as possible at the point to which manufacturing begins. The store rooms would be situated at the beginning point of manufacture. Those raw supplies that were necessary only at the certain stages of the later parts of manufacture would rightly be stored at the most adjacent points. The idea is to avoid all handling of material that is not absolutely necessary to manufacture. In the larger type of factories the flow of manufacture is direct from the point of supply to the point of finishing. If there be more than one point of supply, the material is placed as nearly as possible where it will be needed as the product is made up.

The Finished Product.—Finished product is of two kinds—the finished components which enter into the manufacture of a product and the product when it is laid down ready for sale. For instance, in the manufacture of a typewriter or cash register, there would be a large number of component parts, which are uniform throughout the various machines. These components could be made up ahead of the time of use. They would then be stored in charge of the stockkeeper and requisited from time to time as needed. These parts, considered as parts, are the finished product as they need no processing in order to be used. Food management provides for not only the manufacture of these parts, but the storing and keeping track of them so that they may be available for use whenever needed.

The true meaning of Finished Product is "the goods, article or commodity which is manufactured, when that product is laid down ready for sale." With the exception of supplies necessarily to be "aged," the product is

not stored, but is boxed immediately and put out by the Shipping Department. Particularly in good times, when all manufacturing establishments are behind on their orders, this condition is found. As a consequence, the storage of finished product is not a large part of the work of the stockkeeper. In fact, a product once finished goes to the Shipping Department, for boxing, cartage and shipping.

There are certain lines in which a sale of component parts is often made a feature of the business. For instance, in the manufacture of agricultural implements, there is a large sale on the repair parts. These parts would be simply the components of the various machines. Usually a separate sales department would be maintained for these "supplies" as they are called. In the manufacture of electrical machinery it is possible that these components would not be stored separately, but would be requisited directly from stock.

THE PROCESSING DEPARTMENT.

The managing of the Processing Department of a business is one of the largest problems of the industrial world. The different manufacturing processes which make up the work of this department, even in the making of an ordinary product demand the highest managerial powers. Processing begins with the buying of the raw material, the second step being the various operations which change it from the raw material to finished product. When the product is laid down in the shipping room for sale, the work of the Processing Department is finished.

The theory of the Processing Department is that all work shall be done upon orders. This is indeed the key to new manufacturing methods. No work will be done or material will be used unless there has been an order given for it. By distribution of the authority to order, the problem of the management of the Processing Department is supervised. For instance, the authority of the General Manager will extend over the various departments below him. Each employee beneath the rank of General Manager will be given so much authority as is called for by the needs of the business.

The foreman of the various departments having received an order from the management, will use their judgment up to a certain point, as to the department in which that material is to be worked up, the kind and amount of material that is to be used, and the number of employees who are to be engaged upon it. This routing of work therefore, is under the immediate supervision of the foreman and heads of the various departments and under the general supervision of higher authority. Such, in outline are the methods in use by all well organized Processing Departments.

THE INSPECTION DEPARTMENT.

One of the sub-departments of the Processing Division is that of Inspection. It is recognized as exceedingly poor business method to allow a defective product to go any farther in the processing of product than is possible. Particularly damaging is the effect where a defective article is allowed to reach the consumer. This not only hurts trade, but the expense is much greater when defective pieces are not noted at the time when they can be remade at little expense. The best methods provides for automatic inspection, either by one employee checking the work for another, or by means of searching tests. Where employees do checking, it is customary to have either a skilled inspector who judges the work or to have one employee check the work of another, this latter to be rechecked by a general inspector. Penalties are provided, which will, by their enforcement, automatically cause all possible care to be taken in the work.

HIRING HELP.

The kind of employees that are wanted are those which combine the ability to turn out a large quantity of good work, and at the same time have enough of the old-fashioned virtue of perseverance to do it. Perhaps there never was a time or never will be a time when there was or will be such a scarcity of labor of the right kind.

In the strife for getting good employees, no employer can afford to use only one means of obtaining

them. All possible means must be used in order to obtain a force sufficient to keep the wheels of the business turning.

There are two general methods of maintaining a force up to the required number and standard. Some businesses prefer to train their employees themselves, keeping in touch with a large number of prospects all the while, and aiming to take their employees as early in their business career as possible. The advantages of this method are in the main that such employees are well versed in house methods. If care is taken to obtain employees that are liable to stick, such a course will maintain a permanent force, and a permanent force is the aim of every business.

The single disadvantage of this method is that such employees obtain the inside viewpoint to too great an extent. They know what their own firm is doing, but they cannot get the proper prospective on what other firms are doing.

Advantages of the Trained Employees.—To offset this objection, many firms, particularly those that are unable to train their help fast enough, are firm believers in the method by which employees as fast as they are needed, are hired from other companies in the same line of business. The general advantage of this method of hiring help is that in this way there is a constant influx of new blood and new ideas. Often a new employee who has spent his business life in other institutions of the same class, and who at the same time has been a close observer, will bring enough ideas with him to pay for the expense of hunting him out and securing him. Then, too, the firm that sets out to train a man must invest considerable money in that training. Take in a business where the probationary period will extend over a year or so, the investment expense is all the more insidious because it does not appear on the cost sheet. Mistakes are made by the untrained employees as a usual thing—not by those who are trained thoroughly.

It is this motive to a great extent that makes a great number of firms tend towards hiring employees wherever they can get them. Nor does this custom tend to

develop undue competition other than for perhaps first class technical men. The ordinary employee not only does more satisfactory work, but is liable to be much more loyal to the company he is with when he knows that there is a good general demand for his services. Nothing leads to routine work—and consequently work of a low productive capacity—like the thought that a worker is in a line where there is little or no chance for competition for his services.

Hiring by the Heads of Departments.—Perhaps the most satisfactory means of hiring help is that in which the head of each department is closely enough in touch with the labor market to be able to keep his department up to the required quota. There is a great difference in different lines as regards this. For instance, a foreman in a metal-working line would not be considered a competent man unless he was pretty closely in touch with a dozen employees whom he could reach, as well as with every one that he employs. A printer in a town of ten or twenty thousand knows every person that is available in his city for his purposes, not only knows the chances for obtaining him, but whether he is satisfied with his present position and a vast amount of other collective data that he learns from careful and systematic investigation.

On the other hand, a chief correspondent who is obliged at certain seasons of the year to maintain a large force, might know outside of his own force, only a few stenographers who were available for his work.

Then, too, sometimes the organization of the house is antagonistic to such a policy. Help may either be hired from the top or from the department heads.

Where Help Is Hired From Overhead.—Some businesses are so organized and the control is in such a shape, that the entire hiring of the force from a general superintendent to office boys vests in and is a prerogative of the head office. But as a general thing the problem of hiring help is such a large one that the assistance of the various department heads is recommended in maintaining a force. That this condition is one which creates a tendency toward keeping the efficiency point high, is not to be doubted. For if a depart-

ment head is made responsible for efficiency, he must be allowed to choose the workmen who are to assist him in maintaining a high efficiency record. When help is hired over his head, it gives him an excuse which if he does not quote to those above him he can quote to himself for self-justification. This excuse shapes up as follows: "If I could only hire my workers, I could maintain a more efficient force. As it is, I am obliged to take what the head office sends me."

This method presents the paradox of increasing the efficiency of the department head by giving him more work. Subjected to certain restrictions, of course, if the head of a department is instructed to do his own hiring, he will feel a greater responsibility and a closer touch with the business, which will tend to increase his efficiency as well.

Care Needed in the Selection of Department Heads.—This makes the necessity of a selection of department heads one of great importance. Where help is hired from the main office, it means that a man who is skilled in help-hiring and who knows all phases of the labor market—in other words is a specialist—has charge of help-getting. This man is pretty sure to do good work. A department head gets about him pretty much the same class of people that he himself is—they are liable to have pretty much the same characteristics as the man who hires them. This means that a great deal of scrutiny must be placed on a man before he is put in charge of a department. True, it is sometimes the case that those who are very efficient in maintaining and enforcing discipline and making a work record for a force, are not able to secure that force themselves. They may lack the practical experience in hiring people or they may not have the "knack" necessary to hire.

Advantages of an "Employment Department."—Perhaps the best method is that which is found in a great many institutions hiring many workers. An employment department is maintained which requires of a prospective employee certain general and special qualifications before they are turned over to department heads for a final work contract. When a foreman or department head wishes an employee, he makes a requisition upon

the employment department asking for a man of certain qualifications. If he has anyone in mind, he can submit an application at the time he makes the requisition. This application will pass through the regular routine and, all other things being satisfactory, the one recommended by the department head will be passed by the employment department and eventually become an employee.

This method combines the advantages of both the methods outlined before, and has practically none of their disadvantages. It is one which is practical at each point.

GETTING EMPLOYEES BY ADVERTISING.

A most satisfactory method of getting employees, and keeping in touch with the labor market as well, is that of advertising. The ordinary method, and one that possesses the virtues of being economical and reasonably sure, is that of using the want advertisments in the leading city dailies. The common method of doing this style of advertising is that of using the ordinary blind advertisement. The blind advertisement has two disadvantages which, however, are seldom considered by the advertiser.

Disadvantages of the Blind Advertisement.—The first disadvantage of blind advertising is that a great many times competent employees who are employed at the time that the advertisement is run, are liable to be somewhat scary about answering a blind advertisement. For instance, take the example of a technical man who is already employed with fair prospects of promotion, but who wishes for some satisfactory reason known only to himself to make a change. If he is progressive, he keeps in touch with the advertising columns of the leading dailies, scanning them carelessly, or even going over them systematically each week. When he sees an advertisement which looks as though it might be worth answering, he is often held back from making the reply from the fact that he might possibly be writing to his own company. An instance of this came up a short

time ago which illustrates this point perfectly. A translator, writing specifications and making records of foreign packets, became dissatisfied with his position and gave notice to the firm that he was with, that he had decided to make a change within the next thirty days. He was receiving a salary of $125 per month. When the firm for which he was employed ran an advertisement stating the kind of man they wanted and requesting the applicant to state the lowest salary which he would accept, the advertisement appealed to him so strongly that inasmuch as there seemed to be such a good chance for rapid promotion, he stated that he would start in at $85 per month. He did not recognize the position that he occupied as it was described by the firm, and had applied for his own job, agreeing to do the work for $35 less per month than he formerly had received. Once an employe has had an experience of this kind, he is very careful about answering blind advertisements.

Confidential Information Necessary.—Then too, such advertisements usually require a great deal of confidential information. Such information the ordinary employe is very loath to send without knowing to whom he is making an application. He therefore has but two options; he can state his qualifications in a general way and give an assumed name, or some telephone number to be called up, or he can make a request for an interview, also generalizing somewhat on his experience and trusting that he may be informed who the advertiser is. These plans have the disadvantage when the prospective employe must deal in such general statements, that there is little chance of his prospective employer selecting him for an interview.

The minor disadvantages of running a signed advertisement are many in number—so many, in fact, that few firms take advantage of this method except where they need a lot of employes. Where a department store, a telephone company, or a large wholesale house needs a large number of department clerks, correspondents, salesmen or similar help, it is possible to put in an advertisement signed with the firm name. But where there is need for a few employes or for one or two technical men, it is liable to interfere with the efficiency

of the force if it becomes known that the firm is advertising for help. Speculation becomes rife in the force as to "who is going to be fired," and evidences of dissatisfaction may be brought up in an otherwise contented force of employes. This may be counteracted to some extent by a general notice to the present force or by a special notice to those in lines affected by the call, that such and such employes are needed by the company to do additional work that is soon to arise. But this method is not always satisfactory, as it is not always good business policy to make those affected by the advertisement confidants in matters of this nature.

A Requisite of All "Help Wanted" Advertisements.—But whether the advertisement be blind or signed, there is one requisite for framing it up that is always to be scrupulously observed. George P. Rowell perhaps was the originator of this method and the first to speak highly of its many advantages. When an employe is needed, the disadvantages of the position to be filled should be somewhat over-emphasized. The advertisement should state that the work is somewhat harder and more difficult, the hours somewhat longer, and the requirements somewhat more stringent than really exist. This serves two purposes. In the first place, it weeds out all idlers, and second, in case the employe makes complaint as to the duties of the position being arduous or over-difficult, the employer has but to turn to the advertisement which the employe answered to show him that "it is so nominated in the bond."

A Good Employe May Not Be a Good Letter-Writer.—From the standpoint of the employer, there is one disadvantage of getting help by means of help wanted advertisements. This objection is one that particularly holds in those lines where the employe desired is not used to correspondence. For instance, there are a great number of salesmen who are excellent men on the road, who possess every qualification for personal salesmanship, yet who, when they sit down to write a letter, are unable to do themselves justice. In fact, some good employes, judged from a critical standpoint, write a letter which is positively illiterate, yet they may have so many other business virtues to offset this one defect,

that an excellent man may be overlooked simply because he does not write a letter which appeals. On the other hand, and at the other extreme, are men who are able to write a splendid letter in answer to a help wanted advertisement, and who can secure an interview and get a job simply because they are somewhat expert in that line, and yet who have practically no other qualifications for business. Some men even may almost be said to be professional letter-writers. They are always on the lookout for a change—will put a great deal of time on the proper construction of a letter, and write such a unique communication that they are almost sure of getting a reply. Then too, some men keep in touch with a professional letter-writer who handles their correspondence in matters of this kind and the employer is much disappointed when he puts a man on the pay roll and finds that he is nowhere near as good as his letter of application would lead one to think.

Advantages of the "Help Wanted" Advertisement.—But these conditions considered as negative quantities —as they may be, as affecting only one or two per cent. perhaps, of the average number of applicants—leave a big list of advantages in favor of the help wanted advertisement. A large number of men occupying important and influential positions have, in fact, secured such positions by this medium and as a result are strongly prejudiced in favor of it. It is reasonably quick, and it is reasonably sure; for more employes are paying attention to the advertising columns of the daily papers from day to day.

The strong advantage in favor of the use of the small advertisement is its low cost. A great deal may be told in the five-line advertisement, and five lines cost only $1.25 per medium. It is best as a general thing to use perhaps three of the leading morning papers and one or two good evening papers. As a general statement, it may be said that the class of replies which are returned from insertions in morning papers, are of somewhat higher quality than those in the evening papers. The morning papers, therefore, can be used to better advantage for high-grade help, managers, correspondents, stenographers, and the like, and the evening papers for

mechanics, street car men, telephone help, laborers and similar employes.

Classified Advertising Excellent.—An interesting type of advertising that has come into prominence, is the classified column advertisements which are now run by the leading magazines. This advertising has been appreciated but little by the average employer of labor. The reason for this probably is that so little systematic campaigning has been done by the classified advertising man to solicit this kind of advertising. There is also another reason, which is this: Usually when an employe is wanted, he is wanted at once, and the monthly magazine is considered as being too slow in its result-getting. This is not true. When help is wanted, it is generally known at least twenty or thirty days in advance and the breadth of the field that the classified monthly advertisement covers, compared with the restricted field covered by the daily paper, makes advantage strong in the favor of the monthly magazine as a means of getting employes. Then too, an employe who is in the market, if a reader of a high grade magazine, is very liable to be a superior man and one with whom it is profitable to get in touch. While advertising of this class forms but a small part of the classified advertisements in the monthly, yet the returns are simply wonderful when it is used.

Advertisements in the special columns of a newspaper or magazine usually are not as good pullers in securing help as are those in the classified columns. The reason for this is that the prospective employe is not in the habit of looking in the other columns for that class of advertising—the advertisement is not so liable to be seen, in other words.

HIRING HELP THROUGH THE EMPLOYMENT AGENCY.

Perhaps no subject brings out more conflicting views than that of hiring help through the means of the employment agency. At one extreme stands the man who

says that he has absolutely no use for any man who does not know enough of business in these times to market his own brains without going to an employment agency for help. At the other extreme stands the employer who says, "Do I get my help through an employment agency? Indeed I do. The employment agency when honestly conducted—and I would deal with no other—is simply a specialized business for securing exactly the kind of help that a man wants." Between these two extreme views lie every possible grade of varying opinions. Between the employer who has no use for employment agencies and one who uses them entirely, probably exists a workable mean.

Advantage of Employment Agencies.—The main advantage of the employment agency is probably that the employer who wishes help immediately or thinks he may soon be in the market, is able to consult the lists which are on file in the office of the employment company. In going through fifty or a hundred applications made out by men who are in the market for a change, an employer is able to get in close touch with the labor market—information which he can secure in practically no other way. He is able to see the class of men that are open to employment and now and then will run upon a "find" in the most liberal interpretation of the word. He can adjust his own ideas to fit conditions as they actually exist. He is not liable to become too critical or too theoretical in his requirements for help. A great deal of the classification work that he would have to do himself has already been done for him by the agency, and he wastes neither time nor money in getting in touch with the class of people who are not fitted to do his work. He is often able to anticipate a future stringency in the labor market by knowing how the applications compare with those of previous years. He is also able to take advantage of an over-plus of labor from a certain line and is often able to cut down a pay roll expense by getting in touch with men who have exactly the set of qualifications that he needs in his business. In fact, the labor employer is rare indeed who cannot learn by keeping in close touch with the applications in a well-conducted employment agency.

The second great advantage of the employment agency methods is the absolute accuracy which surrounds the work. Many times, if a certain deal under consideration goes through, it will be necessary to immediately place upon the force a large number of employes. When these employes are got in touch with tentatively by means of an employment agency, there is practically no chance of the news becoming public. In case the deal does not go through or business does not hold up to the required point, there has been no investment other than the expenditure of a very little time in getting in tentative touch with the prospective employe.

As an organized institution, the employment agency has means of getting in touch with a very large number of prospective employes—larger than has even the most well-known business. A good agency travels over the entire field of the United States and Canada and in the matter of technical men particularly, has means of getting in touch that would be impractical even for a company maintaining a well-organized employment department. This point in itself is worthy of consideration by the employer.

A Man Can Market His Own Services.—The second objection to employment agency methods is found in the tendency of a great many high class employes to take the employment agency only as a last resort in securing a situation. Particularly in good times, when even a fairly good employe who wishes to work is sure of a job, the average man prefers to market his own services, both as a matter of pride, and as a matter of economy. There is no doubt that the same expenditure of money in judicious advertising, if the employe were competent to make that expenditure, would bring better results. But possibly the employe is not so competent to do this as is the employment agency. It is their business. The average man perhaps does not market his services more than five or ten times in a lifetime. So he is liable to be almost an amateur at it. In getting together a large force of a uniform grade of labor —particularly that somewhat below medium grade— the employment agency is of great value.

So far no mention has been made of the free employment agency maintained by the typewriter companies. These are perhaps one of the best sources for getting in touch with stenographic help, that it is possible to find. Especially when there is needed an emergency force for a short time or even a sudden permanent increase, the typewriter agency may be used to the very best advantage. This agency has all of the advantages of the general employment agency and none of its disadvantages.

HIRING HELP BY ANSWERING ADVERTISEMENTS.

Another method of securing help is that of answering advertisements which are run in the want columns of the dailies. Some employers are very partial to this method, and secure excellent results from it. As a usual thing, the employe who runs an advertisement of this class, wants a job. He has decided that question for himself and there is no doubt that he wants work or wants a change. Many times he wants it badly. That means that the employer does not have to spend any time convincing the employe that he should go to work. When he writes a request for an advertiser to call, he is pretty sure to find a man who is anxious to get work right away.

A Disadvantage of Answering Advertisements.—The main disadvantage of this method is that the employer is to a great extent placed in competition with others who have answered the same advertisement. A well-written advertisement, well presented and showing originality and initiative in its make-up, will secure at least five or ten replies, sometimes more. This means that the employe has the pick of several positions. He is liable to shop around considerable, going from one to the other, before he definitely makes up his mind. Many times after he has actually contracted to go to work, he will receive a belated reply which will keep his mind off the position that he has taken, so that he does not get

settled down and become a satisfactory worker for a period of a week, or perhaps two.

Little Expense in Answering Advertisements.—But the progressive employer cannot afford to overlook a chance of securing good employes, and the trouble and expense of answering advertisements is little indeed. A private secretary or even a good bright office boy can mark up the Sunday papers in half an hour, checking those advertisements which look as though they might have something to them, and turning the sheet over to the manager or head of the employment department. These advertisements can then be re-checked and a stock letter sent out to the advertiser, asking him to call. This method takes little time and expenditure of little money. If one or two good employes are secured during the year, it will be both satisfactory and economical.

Incidental Methods of Getting Help.—Besides these systematic methods of securing employes, there are other and incidental methods. A great many times a drag-net is out so strong that everyone employed in a business is instructed to keep an eye out for other good help. This in itself is good business. It tends to create an excellent house spirit which manifests itself favorably through the entire business. Rightly done, it causes no friction with the employment department, because rightly viewed, it is really an excellent method of aiding that department in their search for the competent employe.

For instance, when an employe is obliged to leave on account of sickness, a change in prospects, desire to emigrate, or a similar reason, if this employe has had such a change in mind for a long time and has been instructed to keep watch for a substitute, the employe will often be able to break in someone for the position he has left.

Such a method is bound to be satisfactory, as in such a case, the leaving employe is not liable to take away information of value, but will communicate it to the successor. Often a younger member of the family—a brother or sister or relative, will be able to work into a leaving employe's place.

The Use of Combination Methods.—As has been shown, each of the various methods of getting in touch with the employe has its relative merits and demerits. It is best not to lean too heavily upon any one method, but to try them all out and see which seems to give the best satisfaction. As a usual result, such a tryout will show that one method will be particularly adapted to getting one class of help, another to another, and so on. To generalize, low grade help and certain high class technical help will be best secured through the employment agency. Advertising will secure general help and occasionally high grade and low grade employes, being particularly useful for large blocks; and answering advertisements will secure now and then an employe who might have been overlooked by the other methods.

Judging the Prospective Employe.—The first method of judging the employe is, of course, by the letter that he writes or by the application that he fills out. If the answers to an application are neatly, carefully and quickly written, it is a pretty good indication that the employe is neat, accurate and prompt. If there are no weak spots betrayed by the searching questions of an application, it is pretty certain that the employe has the necessary qualifications for efficiency. If the references are such that they back up the claims made by the employe, this is a pretty sure indication that he is the kind wanted. But as has been stated, there is always a chance of overlooking an employe who has not the ability of expression—who lacks the faculty of putting down his strong points—on paper. This will be recognized by a kind of intuition that comes from practice in handling such matters. The man who is used to looking over a large number of applications during the year and who makes a mental sketch of what kind of an employe a certain application will bring, learns to judge applications intuitively. This judgment can come from intuition combined only with extensive practice.

The Personal Interview.—There are some cases where it is not possible to have a personal interview with an employe, as in a case where the hiring is done through an employment agency and the prospective employe is at some distance from the house which is hiring him.

In this case it is necessary to judge entirely from written records, from submitted work and from recommendations which the prospect can furnish. Except where an employe has decided to locate in a certain town, it is quite an undertaking to take a man from one location to put him to work in another. As a result, the most careful scrutiny should be made of all the documents in the case and these should be especially comprehensive and searching. Photographs and some means of determining the physical capacity of the prospect are also to be taken advantage of.

Interviewing Methods.—Systematic methods of interviewing a prospective employe have been given but little attention. Yet this subject is a science in itself. Buying labor is just as much of a study as buying a line of goods. More so, because a line of goods may be studied until the buyer is reasonably familiar with what he is buying, but in the matter of buying labor, one is dealing with human nature, which is never constant—is always changing.

Perhaps the ordinary method of interviewing is that of conducting a sort of helter-skelter questioning. The employer asks a few more or less searching questions and the prospective employe answers them. As these questions are answered, they suggest others, until the employe tells the story, and the interview, if favorable, ends in a friendly "visit."

Standard Methods of Interviewing.—There are two good ways of conducting an interview. The first is for the employer to take the stand that the applicant has asked for the position and to throw on him the burden of making his case. The advantage of this method is that the prospective applicant is somewhat in the dark as to the exact work that is to be done and the exact requirements that are necessary for the job, and so he is unable to frame up a story that will fit the requirements of the position. Then, too, in telling his story, he is liable to betray any weak points that he may have, touching his ability as a workman. If his education is faulty, if he is inclined to be somewhat of a boaster, if there is an inherent thread of dishonesty somewhere in him, this is pretty sure to show when he is given the

chance to make his own case. On the other hand, when an applicant is given the chance to talk freely and unreservedly, it often gives him too good an opportunity. Unless the employer is on his guard, he is liable to be convinced somewhat against his will that the applicant is suitable to the position, and to view entirely the favorable aspects of the case. It is as though he heard but one side of a case in court.

On the other hand it sometimes happens that an applicant is extremely diffident and unable to make a good showing for himself. Some of the steadiest workers and men fairly brilliant in execution, are unable to make much of an appeal toward getting a position. They are all right once they are placed upon the right track. They then run to excellent advantage, but are not adapted to getting themselves started.

Interviewing by Questioning.—The second method of judging employes is that of giving them a close and careful examination in the form of questioning. This series of questions should always be given in exactly the same manner and should obey two general rules. The first rule is that questioning should begin with general requests and gradually come down to details. The second rule is, that—scattered through the quizzing—should be various questions which are in the nature of "trap" questions, designed to search out the characteristics which an employer wishes to guard the most against. An example of this latter kind, would be a question which is designed to see how freely the applicant would talk about the business of his former employer. In many cases, absolute secrecy concerning the details of a business are necessary. When an applicant expresses himself over-freely concerning the relations he has had with other employers and seems free to tell their business, it is a foregone conclusion that he will talk just as freely concerning the business he is about to go into.

Systematic questions should begin with the usual routine questions of age, nationality, and the like, where necessary, and from that go to details affecting the position the applicant is to take.

It is always to be remembered that there are certain classes of work for which past records are the only means of determining an employe's probable value. For instance, in all salesmanship lines, where a man is concerned with the marketing of the product, the evidences of the past work done are the best recommendations for consideration. Of course, a salesman or advertising man cannot carry with him, or would not be a suitable employe if he did, duplicate records of the amount of increases for which he was responsible, but he can give a concise summary in round numbers of the increased amounts for which he claims the responsibility. These claims must be viewed with care and judged with caution. For many times large increases in business come from a change in the process of general manufacture or management, the introduction of new systems, or an unexpected or unprecedented demand for a line. While now and then a vast increase in business is due to the efforts of one or two men, yet usually it depends upon a variety of causes. But the rule for taking a man from successful businesses holds here. Where an employe has been connected with a successful business, it gives him a sort of mental balance that nothing else does. His association with successful men has been an excellent incidental training for him, aside from the specific methods which he has learned.

Handling the Interview.—Employes are more and more studying the methods of handling an interview. Some of them put such intensity and earnestness into their application that they are liable to "rush" the employer and conduct the interview along their own lines. This is a good indication where the prospect is to do managerial or salesmanship work. The man who is used to controlling the situation—who is familiar with the problems of getting work out of a large force of employes, or who is used to going into a strange place and selling a bill of goods under heavy odds—as a usual thing, is strongly determined to conduct his own interview when he meets his prospective employer.

Personal Appearance.—The traditional methods of judging the employe by his personal appearance is per-

haps more honored in the breach than in the observance. There are certain undefinable characteristics which stamp a person as desirable or undesirable. These it is impossible to describe. If a man has not learned them by the time he sets out to hire help, he probably would not learn at all. The general statement that the man who is neat, neither under-dressed nor over-dressed, who lacks all those unmistakable signs of ill-luck and incompetence and bears himself in a gentlemanly and courteous manner is liable to be good material, is a somewhat vague generalization, but is about the best one that can be made.

Return Interviews.—A prospective employe who, after an interview, seems to be the man required, should not be hired before he has had a return interview or two. Many employers who apparently have lost a good man by observing this rule, will be inclined to disagree with it. However, there is no doubt that if a prospect who has been given a reasonable amount of encouragement does not think enough of his prospective position to "follow it up" by a little call or two, then he is not the man who is wanted for the job. There is a chance that the employe may be picked up by another employer who will make a more attractive proposition, but that chance must be taken.

A prominent employer who holds to this view makes the following statement:

"My first impulse when I get in touch with a good man and he seems to want to go to work for me, is to insure that he does not get away by putting him right to work. But I have found it the best plan not to do so unless he expresses an opinion to that effect. Where a man asks where his desk is and what will be the first thing for him to do and asks for his assignment, I put him to work and do the required investigating afterwards. But as a general thing, the man has some little matters that he wants to fix up—he may want to get settled or close off some little business deals. So I ask him how long it will take him to get settled, and then have him come in at the expiration of that time and make his formal contract and start to work."

BREAKING IN THE NEW EMPLOYEE.

The ideas that a new employe get the first week of a place where he goes to work are pretty sure to remain by him. It is a good plan, therefore, to take every possible means that these impressions shall be correct, inasmuch as they are going to be permanent. To do this, proper introduction is necessary. The employe must be properly introduced to his work and to his fellow associates with whom he is to labor.

Getting the Right Perspective.—This method of giving an employe a right perspective on his new situation is accomplished by pretty much the same means as was treated in taking up the matter of advertising. In advertising for an employe, it was stated that it is good practice to make the position appear in the advertisement as if it were somewhat more difficult than it really is. Similar methods may be used in breaking in the employe. While it is poor policy to provide an employe with a list of stringent rules which are to be obeyed, yet it is strikingly good policy to give him thorough instructions in writing, detailing him the difficulties and pitfalls of his particular situation. These he is advised to be on the lookout for and is shown how to avoid them.

The Right Amount of Information.—It is a question whether introductory information should be given in its entirety or in instalments. Where too large a list of requirements—or difficulties to be overcome—is handed to the average employe, it tends to create a condition of discouragement. It should not. It should only place the employe on his mettle to do his best. Perhaps the best method is that of giving a small list of general requirements and adding to these from day to day until the list is complete. An exception to this general statement is found, however, in hiring stenographers or clerical help where it is advisable to give a list of "best methods, and things to be avoided" in its entirety. One of the first duties of a new stenographer, in fact, should be the taking and writing of a list of rules to govern his or her particular work. This list should not be designated as a list of rules, but rather should bear the more

euphoneous term, "Best Methods to be Employed in Stenographic Work, for the Blank Company." This list should lead off with a paragraph something as follows:

"As a result of the experience of the Blank Company, it has been found that the best results come from the use of the following methods in handling correspondence. These methods are to be followed in detail, except where different instructions are given in writing, or dictated by someone in authority. The style sheet and matters of ordinary typographical or grammatical routine work, of course, will not be included in this list. It will cover only general business principles, as to hours of work, use of machines, stationery and similar methods."

Introducing New Employes.—The relations of a new employe to those already employed must be harmonious, or best results are not procurable. A proper introduction of a new employe to business associates insures this. This means that the work of the new employe should be clearly defined in the minds of old employes and that all ideas of favoritism, pull or undermining should be dissipated.

Use of the "Instruction Process."—There is only one method worth considering in breaking in a new employe. This is the instruction method in some of its original forms or developments. This method takes as a basis the fact that what the new employe needs primarily is instruction. First of all, there must be general instruction in that sometimes indefinite thing, house policy, and latterly instruction in the specific methods that are to be used in the particular department to which the employe comes. This may take a few moments, a few hours, or even may extend practically over the first year or so of the employe's work.

Sources of Instruction.—This instruction can come from three general sources: From the employer, from the foreman or department head or some fellow employe older in the service and in the same or substantially the same grade of work. Instruction from the employer has the advantage that it is authoritative, and as such, is liable to be more carefully observed than that coming from any other possible source. But the

employer cannot afford to spend much time at this work, especially where it might conflict with the discipline of those directly in supervision. The employer should make it a rule to come in just as close touch, however, as is possible with all his employes, from the man nearest below him to the one ranking lowest on the pay roll. Where possible, much more intelligent work will be done by employes who understand the motive which is back of orders given. This may be a matter of policy, however, and depends entirely upon the closeness of the relationship between the "old man" and his subordinates.

The second and logical place from which instruction can come is from the foreman or department head. He is responsible for the efficiency of his department for the amount of work turned out, and for its being up to standard—and as such he is logically the one from which this instruction should come. But a department head cannot spend much time on routine work. It is necessary, especially in a large organization, that the department manager devote his time to the large phases of business rather than the details. This is not so particularly true of the foreman. He stands in closer relationship to his men, having himself come up through the ranks, and having done the same class of work as he is now supervising. Therefore, routine work particularly falls on him and the new employe goes to his foreman for that part of his education which is necessary for him to carry on the work.

Training from Fellow-Employes.—When a new employe is placed in a well-systematized office and one where the employe-efficiency is high, training to be received from the fellow-workers is vital. For this reason the proper introduction of the employe and the definition of his position when he takes it—as has been referred to on a preceding page—is necessary.

In institutions where the education system by fellow-employes is at its highest development, the following method is used: On the introduction of a new employe into a department, one of the old workers who is thoroughly familiar with all the work in the department or with that particular work which the new per-

son is to do, makes it his business to train the incomer. For the first few days, this instruction will be very close, the incoming employe being thoroughly on his own initiative only as he forms correct habits of work and grasps the details in operation in the department. The incomer may be given a desk alongside the instructor and turn over work after it is done. This work will be corrected and revised and turned back, showing the departures that have been made from standard methods, methods of making the corrections, and particularly the ways of avoiding similar mistakes in the future. After a few days of this kind of work, the incoming employe will grasp the minor details and from them work gradually into the game. The results from this method show an increase from fifty to one hundred and fifty per cent over the old method in which a new man would be given a bench or desk and then left pretty much to his own resources to make out.

When the new employe reaches the stage that he is able to carry on his work without any supervision other than that given in the ordinary course of business, he may be said to be an "old hand." The problem of getting work from him then becomes one of general routine supervision.

SUPERVISION OF EMPLOYEES.

General supervision of employes is a broad subject and one which runs into ethical and sociological questions. The ordinary business exercises little supervision over help outside of office hours. This is for two reasons: The lack of time on the part of the management to take up anything of that class, and the ill result that comes from "interfering" with matters outside of mere office routine. Manifestly the business which has its hands full in turning out enough product to supply the demand, has little or no time to give any supervision to employes. On the other hand, the nature of certain lines demands such procedure. This demand may come from the character of the business, or from the difficulty of securing labor. As an example of the first, may be quoted the banking businesses, particular-

ly the large organizations like those of the city national banks. These institutions must maintain a close supervision of the employes in order to keep to the lowest point any defalcations or misappropriations which might result from unbusinesslike habits outside of office hours. In general, all such institutions conduct some sort of scrutiny of the conditions under which employes live.

Paternal Methods.—The so-called paternal methods, differing in character and in use in a great number of cases, particularly in large manufacturing plants, have to do with the securing of help and retaining them after they are once secured. The general idea underlying this system is that of making employment and the conditions surrounding it so attractive that it will prove a material inducement to a high grade of labor. For instance, the factory located in a suburb or a small town somewhat remote from the general labor market, will concern itself with homes for the workmen, and suitable up-keep for them. Besides such outside plans, there are always inside plans for increasing the comfort of the workers. Some of these plans include lighting, ventilation and heating of the plant, providing suitable meals for workers and installation of a large number of details of equipment which tend towards comfort and efficiency. Under good management, these plans yield excellent results. Under poor or indifferent management, they are bound to result in failure like any other good thing. The plan is all right, but it must be rightly managed in order to be efficient.

Development of the Individual.—Every organization aims to develop responsibility, initiative and loyalty in its employes. Routine workers are comparatively easy to get and easy to keep. The difficulty is in getting those who will profitably accept responsibility. There is probably no other known method of developing responsibility in the employe other than the time-tried test of distinguishing a mushroom from a toadstool. This, it will be remembered, is embodied in the instruction to "Eat it. If you live, it is a mushroom. If it kills you, it is a toadstool." It is pretty much the same

way in the development of responsibility. First of all, the responsibility must be placed on the employe. If he accepts it, other responsibilities can be added from time to time until this trait of character is developed up to a workable point. After an employe has had responsibility placed upon him and has failed to come up to the workable point, it means that the sought-for development has been a failure.

Developing Initiative.—The development of initiative is somewhat the same as development of responsibility. When an employe is hired, it should be impressed upon him that he is to constantly press forward, to originate new plans, think out new methods and feel at all times free to make suggestions to those who are interested in their adoption. This will result in the development of initiative as well as help to determine the efficiency of the worker, when the instructions are carried out.

In the development of loyalty, nothing is better than the constant association with other loyal workers. This quality is one which is imitative as well as inherent and often a worker who has the misfortune of being disloyal at heart, will be strikingly loyal through the force of example.

Maintaining the Force of Employes.—"How shall an efficient force of employes be protected from disintegration?" This question is one that is constantly coming up in the mind of every employer who has got together an efficient force. Deaths, resignations, transfers and discharges tend to reduce the ordinary force to below normal. And besides this, there is always a constantly increasing volume of business to be remembered when calling for new help. Hiring, which has been treated in detail on the foregoing pages, is, of course, the first method of keeping a force up to standard. The general rule is wherever possible to hire from the bottom as much as possible, leaving promotions to take care of the top. This means that in addition to the system of constant education, there must be a more or less exact system of understudies. Those trite statements touching the uncertainty of life apply with equal force to the uncertainty of commercial life. Often an employe is developed up to a high point of efficiency,

only to betray some weakness that makes it necessary to remove him. Or, if a good man, he may wish a change of some kind, and insist on making it. In a well-organized business, no one man can be allowed by his resignation or change of firm to cripple the business. This means that immediately beneath every employe is one or several who can "step into his shoes." Often a man occupying an important position may be replaced by several who, in addition to their regular work, take on some of his. Sometimes, the replacement may be entire, as when an employe familiar with routine work takes up the managerial work as well, of a higher position.

Nor need this system of understudies interfere with discipline. An employe will do work better and will be more efficient when he knows that there are others who can be reached to do what he is doing. This is a great general law of competition and everywhere holds in dealing with the employed.

So the rule for good maintenance provides for two things: That promotions be made from the ranks; that the organization be so shaped that no single employe is the key-stone which, removed, would cause the entire business structure to fall.

The Cost of a Working Force.—Cost keeping—as regards finding the cost of a manufactured product—has been reduced to a comparatively exact science. It is now possible, by the use of a comprehensive cost system, to tell within reasonable bounds the cost of any item of a large line made by a factory, as well as the cost of individual machines. But the matter of finding the cost of a working force has, as yet, been given little attention. Perhaps one-tenth of one per cent of the businesses in the United States maintain such a system.

The cost of an employe is of two kinds. First is the absolute cost; second, is the comparative cost.

The absolute cost of an employe is made up of the following: First, the initial cost of securing him; second, salary paid him; third, cost of house and machines necessary for him to work. This shows that employe cost is not limited by the amount of money expended

on the pay roll. As a usual thing, the cost of obtaining an employe is an amount large enough not to be a negligible quantity. It may be $5, or it may be $500. Where a good system for hiring help is maintained it may be very small; a force of one thousand employes, for instance, may easily be kept up to number and grade for two dollars per head per year.

Pay roll costs have been figured from time immemorable to include all of the items of expenditure on help. But this is not the case. There is more or less overhead expense for housing the employe, maintaining an office for him to work in, or keeping a machine or set of machines in running trim for his use. By figuring employe cost on this basis, a new basis is obtained which supplements the ordinary cost department; the latter limiting itself entirely to material cost.

Under the head of comparative employe cost a new factor is introduced in cost keeping, by figuring the relation of the cost to the output of the employe. Where employes are paid on the flat rate basis their earning power depends greatly upon their comparative efficiency. This should be calculated by one of the many systems that may be installed for that purpose.

The Matter of Salaries.—There are three methods of paying employes. These may be termed: First, the high salary plan; second, the low salary plan; third, the mixed or indeterminate plan. Business opinions divide on the matter of salaries. There are two schools. One lot of employers are in favor of paying high salaries and getting the best possible help, while the other extreme believe in getting high grade labor by means of supervision, and the employment of practically all low grade help. The mixed method employs high or low grade help indiscriminately, grading the salary accordingly.

What High Salaries Mean.—The advantage of high salaries comes mainly from the kind or class of help which is secured by means of high pay. In spite of everything that may be said upon the subject, what binds an employe to his job is the emolument which he obtains or is promised. Now and then an employe stays at work year in and year out for the love of it or be-

cause of inertia which keeps him from changing. Usually, however, the employe is in business for profit just as much as his employer.

The high salaried house has its pick of employes. The house which has the reputation for paying high salaries always has a large number of good names on its waiting list. This means that such a house has a very large choice, and can maintain an extremely critical employment bureau—a department which can scrutinize the qualifications of hundreds of employes, to get just the kind wanted.

Specification Makes Low Salaries.—There is no getting away from the fact that the tendency of the times points right toward automatic production. Where work had to be done slowly and painfully by hand a few years ago, the same work is now done by automatic machinery, often controlled by an apprentice or boy instead of a skilled operator. System has done just this thing for all lines. By the introduction of the right methods and systems into the various businesses, thousands of operations are now made automatic and may be performed by comparatively low grade labor. The percentage of supervision has constantly grown smaller and smaller. Where one man could supervise a dozen workers at hand work, the same man can superintend a hundred doing automatic work by the aid of systematization. This has made the percentage of high class labor tend to grow smaller and smaller as a result, and has tended to make the average wage grow smaller, particularly where there are no union restrictions.

Keeping Salaries or Wages Low.—There are many employers who use every lever to keep the salaries of their help down to the lowest possible point. Whether this pays or not depends upon the relation of the output to the unit of salary. Often it is found that after deducting incidental losses—imperfect work, breakage, and the like—that the low salaried worker does not have a proportionate output as compared with his higher salaried brother.

Usually the determination of whether high or low salaries shall be paid, is not a matter of calculation or experience. It is a matter of the temperament of the

managing or controlling interest. Older men, particularly those who have accepted new methods with grudging hesitation; and younger men—now employers—who have had a desperate struggle to obtain a foothold, are usually strong advocates of this method, as are corporations which are held by distant interests.

In considering the matter of salaries, the subject of prestige is not to be overlooked. Employes will work for a lower salary for a house which has a favorable reputation than they will for a house which is just starting or is of doubtful repute. A business of good character is able to offer other inducements than the mere pay envelope or pay check, as often there are many incidental benefits which accrue. This is by no means overlooked by many employers who make "prestige of the house" a great talking point in hiring their help.

How to Pay.—The question of manner of payment is one that arises in a great many cases, particularly in dealing with salesmen. There is no doubt that the straight salary basis is the best method of payment for by far the largest class of employes. In paying salesmen, however, it is a debatable question which is the better method. In a business where the sales profits are very large and entirely dependent upon the volume sold—that is, where the demand for the product is not constant—the commission method is far ahead of the salary method. The salesman is paid for what he does. The harder he works—the more attention he gives to his labor—the greater is his reward therefor. As a consequence the businesses maintaining a commission sales force have made records for salary payment and efficiency that never are or can be approached by the "salary" house.

The Salary Method.—The advantage of the salary method is that it puts a salesman on a sure basis. He knows just exactly what he is going to receive. His expenses being paid, he knows that he is sure of a certain income—no matter what comes. This is attractive to a certain class of workers who are a little lacking in self-reliance but who perhaps are otherwise good salesmen.

As a general thing, it may be stated that the method of payment to be used—whether commission or salary—depends on the proposition entirely. An established house having a regular trade—one that runs about constant—usually can utilize the salary method to the best advantage. On the other hand, when a proposition is anything in the nature of a try-out, it is impossible to determine a salary which makes a suitable basis. Everything depends upon how hard the salesman works—limited only, of course, by the limits of the proposition. As a general thing, those in favor of one method of payment or the other will be found to base their opinions upon the kind of proposition they are putting out.

SYSTEMS OF WAGE PAYMENT, AND THEIR APPLICATION.

There are two main methods for the payment of labor in the factory. The first is known as day work plan of payment and consists in paying an employe a stated sum for a day's work. The second is known as piece work and consists in basing the amount of pay upon the amount of work turned out. A certain unit --or piece—is taken as a standard of payment, hence the term, "piece work."

Day Work.—The advantage of this method of wage payment is that it is the traditional method of payment. Not only are workers accustomed to it, but prices and estimates are based upon it. The weak point in day labor is that too much dependence must be placed upon the honesty of the employe. There being no inducement other than the indirect inducement of approval or promotion—the rate of production under day labor is liable to be very low. This is due not only to what may be termed the "dishonesty" of the employe, but to the fact that employes may not know how much they are competent to do. This is shown when some system of piece work is put in, and it is found that the productive capacity of the employe is increased sometimes several hundred per cent.

The proper management of day work employes rests, therefore, upon supervision. Where work can be planned—where it is possible to lay out a certain amount of work, this to constitute a unit, the maximum productive capacity of employes can be obtained. But in a large number of operations it is not possible to do this. Employes cannot be constantly and closely supervised. If they show a disposition to loaf it may be done even when they apparently are doing their best. In a great number of factories where day work is employed there may be actual restriction of output, often because of custom or unwritten law which stands in the way of doing any more than the traditional amount of work in a day's time.

Piece Work.—Theoretically the piece work system is not only just to the employe, but is absolutely just to the employer. By the piece work system an employe is paid for so much per piece. Under the system it is commonly found that the productive capacity of employes is far in advance of them under the day work system. But even here employes will not do a maximum amount of work, for the reason that they fear a cut in wages when the output becomes too large. As a consequence a sort of compromise output is determined upon—often informally—by the employe, and few of the piece workers ever go above that amount. An employe who had been drawing $18 per week at day work and who was enabled to earn twice that amount by piece work would hesitate before pushing his output up to the point where he would receive three times his former wages. He would fear a reduction of price per piece, because he would know that the work that he was doing would not stand a wage of $54 per week. He would be content to remain at $36 per week and take the chance of a cut being made rather than increase his output to a $54 wage basis. Such is the theory and the practice of piece work.

Bonus System.—A combination of the piece work and day work methods is the bonus system. Here, in general application a minimum day rate is paid (no matter what the man's output may be), a set time

fixed for each operation, and the value of the time saved by the workman, over that standard time, divided between the man and his employer. Thus, a man on an hour rate of twenty-five cents working on an operation the standard time for which is ten hours, and finishing up in six hours, has saved four hours. He is credited with eight hours: his net earnings, for the six hours' time, being two dollars, or 33 1-3 cents per hour.

This presupposes a careful—and often prolonged—study of what constitutes the standard time of a given operation. This is known as a time study.

When a standard time has once been determined it must be adhered to rigidly until some change in method or machinery improvement warrants a reduction.

Profit Sharing.—In a business of the ordinary size—that is, of a size that may be kept in touch with the owner or management—there is a house feeling which does not call for direct profit sharing. Each employe feels that he shares in the general prosperity of the business and is willing to do his part in helping to work up that business and to take care of it after it has been secured. But in a large corporation where the employes run into thousands or sometimes into tens of thousands, an impersonal feeling is bound to result. To overcome this impersonal feeling, it has been found a good method, in some cases, to introduce profit sharing. By this term is meant the division of profits above a certain sum, among employes who either hold stock or who have been with the concern for a certain term of years or more. This in the case where it has been used, has seemed to have a good result. A disinterested employe not only is a loss to the business because he does not actively push his own work, but the firm loses on him through lack of loyalty. This loyalty comes when he has a personal interest in the profits of the entire concern.

Letting the Employe Go.—The discharge of an employe has brought down to a science by some few managers. Such men use the following rules:

(1) Except in cases of absolute dishonesty or the breach of trust, always protect an employe (when he

wishes it) when he is discharged. See that he is given due notice that he may prepare himself for a change, and use all the means at the command of the house to secure him a satisfactory position. This is bound to retain the interest of the employe, even after he has left the service of the business.

(2) Assure remaining employes of the permanency of their positions. This prevents dissatisfaction which might occur among employes whom it is wished to retain.

(3) In general avoid all sudden lay-offs, particularly of a large force.

(4) Where possible, have the leaving employe distribute his work among other employes so that he can instruct them in the work that he is to leave. It is often practicable to keep a leaving employe in touch with the business for some time after he has left, if his new duties will not conflict with it.

Transferring Employees.—In many cases where it seems necessary to discharge an employee, it is possible to transfer him to some other more busy department or to some other position for which he is better fitted. This, of course, should be done whenever practicable.

Where the transfer of men from one department to another has been the policy of a business concern or factory, the discharging of workmen has been reduced in a marked degree. In one plant the reorganization of the employment department as suggested cut the "pay-offs" squarely in two in six weeks and trebled the previous average of transfers among departments, with a corresponding increase in efficiency and the individual co-operation of the men. Yet the changing of the system involved only the addition of an assistant employment agent and an extra clerk.

This method of transferring makes the problem of discharging men much easier to solve and, excepting where slack trade necessitates a general cut in the force of employees, does away with many of the disagreeable features connected with this branch of the employment department.

BOOK VII

MARKETING A PRODUCT

A product once made, there seems to be a conspiracy against selling it. Small wonder, then, that the problem of marketing a product is one which attracts the brightest minds in business. Outside of management—which has been spoken of on a preceding page—there is nothing in business so important—so much in demand as the ability to market a product.

This is true because every business has to have a market. Lack of market will bankrupt any organization. Therefore marketing is the master problem of business.

The New Meaning of the Term, "Marketing."—On the sales department of a business formerly was placed the entire marketing problem. Too, the term "sales department" was restricted in meaning to that division of business intimately connected with sales. By the term "Sales Manager" was meant the one in charge of the salesmen on the road. Now the work of the sales manager and his department is extended to cover everything which affects sales. The marketing problem has extended until it includes the credit department, which judges a sale; the complaint department, which may handle it at one stage, and the collection department, which finally disposes of it. But the essence of all marketing is found in the making of the sale; in actually inducing the prospective customer to place his order. Any part of the marketing problem which affects this is important, but not so important as the actual sales-getting.

THE SALES CAMPAIGN.

When it is found necessary to sell a product there must be some definite series of plans by which sales are to be made. These plans make up what is com-

monly termed a sales campaign. Such plans may be made in outline; they may be worked out to the smallest detail. Obviously, where every possible means is to be used in making sales it will usually be preferable to make an outline of the scheme and fill in the details as far as possible. How far this will be possible will depend greatly upon the size and certainty of the plan which is to be pushed. A dealer with limited capital who wishes to exploit a new product will necessarily be unable to do much more than make a broad outline of the things he expects to do, and the general means by which he helps to accomplish them. On the other hand, take the case of a large industrial in the jobbing trade. Suppose this to be a leading wholesaler of all kinds and grades of tobaccos. This huge industrial, having ample capital and far-reaching trade relations, decides to go into the retailing business. It is possible for such a concern to plan a campaign in detail for a year ahead. This campaign they can carry out as planned, for they have the trade experience from which to draw in making trade plans and the funds to put these plans in execution.

Trying Out.—Business is uncertain. This uncertainty has brought about the use of methods the object of which is to determine whether or not a plan under consideration will pay. This is known as "trying out." The general scheme of try-outs is simplicity itself. Instead of risking a large sum on a venture of any kind, as small an amount as possible will be hazarded for the purpose of trying how the "paper plans" materialize. If this test results favorably it is probable that the entire scheme may be made to go. If it fails it means that the plan must be remodeled.

Try-outs may be applied to schemes in general, but more commonly are used to determine the relative pulling powers of circulars, letters and advertisements.

Trying Out a Scheme.—The ordinary method of trying out a scheme is as follows: A manufacturer may have a line of goods which he has never pushed, but for which he thinks there is a sale. He will make up enough of these goods to supply a small territory and then proceed to work that territory with the means that

he has at hand. He is not able, of course, to do extensive publicity advertising or advertising for anything but direct sales in this territory, but he can use every other method of trade-getting that there is known. He may circularize the place, distributing samples, send out letters, co-operate with the dealer and use every means possible to work up a demand except conducting a general publicity campaign. Experience in the marketing of his regular product will help him in determining whether the results are such as to put his new product on a profitable basis.

Sure Schemes.—This method of trying out a scheme is the opposite of that used by a large manufacturer or jobber, who has the money and who knows that his product will succeed. When the promoters of Uneeda Biscuit started out they did not need to make any try-out, for they were satisfied that the scheme was all right and that it would pay. To quote a later example, when the same firm which had made such a success of a certain well known breakfast food decided to put out another similar product they did not need to make any try-out in a limited territory, for the experience of the promoters and the field for the product made it sure that the marketing would be a success.

For a large manufacturer or jobber there is one thing to be remembered, that the try-out does not get the impetus that a campaign does. As a general thing, a sales campaign will not reach its "gait" until everything has gotten to running smoothly. In a try-out campaign the employes who are handling it cannot become thoroughly accustomed to their work; then each may not have the faith in the product that the promoter does; finally, unforeseen obstacles are all the while coming up. This explains the reason why in marketing a product that so many times it is necessary to put a great deal more money and energy into a campaign than was originally planned.

Small Methods of "Trying Out."—Correspondents, advertising and circularizing afford the best tests for a try-out. Where a regular plan is used in marketing a product it is often thought advisable to test the different mediums and the different styles of advertising in order to get variety. For instance, a firm has always

adhered to the announcement style of advertising and now wishes to test the pulling power of "reason-why" copy. The new series of advertisements properly keyed will be placed in the different mediums and the results closely watched; if there is a marked gain or a marked falling off in returns on the adoption of the new copy, it may be considered certain that the new plan of advertising is either better or worse than the other.

Testing Forms.—Not all form letters which are put out are bound to pull. Even letters written under the same conditions, by the same man and advertising substantially the same goods, may not get at all the same amount of returns. The common method of testing a set of form letters is to work up a number—say from five to ten—these to be written along somewhat different lines, have different introductions, introduce different talking points, have the demonstration and close different. When the list is divided up and the different forms sent to the different sections of the list it will be found that several of the letters will pull much better than the others. It is not always possible to tell exactly what makes these letters pull, but as a general thing, it will be found that some introductory paragraph has been instrumental in getting returns. Either this or the talking points which have been used in one letter have proved more persuasive than those used in another. Sometimes it is best to take one of the letters in its entirety and abandon the rest. Other times it is better policy to select three or four of the best pulling letters, take the best features from each one and combine them in one letter. Often series of try-outs of this kind must be re-arranged covering a period of two or three months before a master letter is obtained.

RETAILING—"SELLING OVER THE COUNTER."

On what does good retailing depend? Even the retailer who is making a good profit asks himself this. For were his business to conform entirely to the requirements of good retailing, a greater profit might be more easily and surely made. No business is so good

but there are weak places in it—spots which might be improved—leaks and losses which might be stopped. These drains might even be made the strong points of the business.

Good retailing depends upon certain elements. These factors are just as determinable as are the parts which make up a building—which, rightly planned and put together—is a perfect structure.

The efficiency points in a good retail organization are five in number. The business should have a good location. It should be able to buy right. It must be able to sell. It must run with economy. Lastly, it must deal with finality with those special problems which are peculiar to the retail field.

It is not possible to tell surely in advance whether a given location is suitable for retailing. Were it, retail failures would be cut down half. Many exhaustive and interesting discussions have been thrashed over on the one subject of location. "Which has the greater number of advantages—the city merchant or his country brother?" The country retailer views the vast throngs on the crowded thoroughfares of the city and mentally compares them with the scattered customers in his home town. He forgets the high rents, taxes and overhead charges of the city man. The city dealer who sees the small business of the country expand in a few years to a department store—while he is having a hard fight to protect what trade he has—is liable to sigh for a berth in Opportunityville.

Relative Advanages of Various Locations.—A leading retailer who has a string of country and city stores, some twelve or thirteen in all, and who has an opportunity to compare the desirability of the two kinds, says on this point:

"The surest success in retailing for a young man having a fair amount of capital is, in the order of opportunities offered:

"(1) A progressive country town in a growing locality having a steady stream of satisfactory immigration.

"(2) A small town, where by progressive methods the main business of the town might be done, so as to shut out local competition.

"(3) A growing suburb of one of the ten or fifteen largest cities in the United States.

"(4) The down-town district of any large city (only if capital and credit are sufficient to carry the business through unexpected emergencies)."

The Growing Country Town.—The retailer above quoted gives strong preference to the growing town in a progressive community. "Boom" towns, of course, are to be avoided—new railroad towns particularly—because of the demoralization of trade by inexperienced retailers. This condition is one that is bound to exist in the too new towns of any old or new territory. The reason of this is: A new town is entirely in the formative stage. Many of its business men have had little or no experience and expect to reap large and immediate profits. They are not used to buying, so they overstock. They are not used to selling, so they use little judgment in marking goods. This of itself tends toward trade demoralization, but when bills become due—when the amateur merchants begin to find there is not the quick clean-up they anticipated, there is liable to be further demoralization coming from forced sales in order to realize money.

Uncertainty of New Towns.—A section of territory which illustrated perfectly such a condition was that of southern Minnesota and western South Dakota in 1900. Upwards of seventy-five new towns went in on new lines of roads in this territory. Perhaps 40 per cent of the businesses starting in these towns were managed by men of little experience, and whose business judgment was not up to standard. As a result many of these men not only lost money themselves, but prevented others from making it. Not until a few years had shown the resources of the town, and business had got down to a more stable basis did the bulk of the retailers know where they stood. Were it not for these described conditions, a new town would be an excellent place for a location

How Immigration Affects the Location.—The kind and trend of immigration is to be carefully viewed in considering location. Once the flow of immigration to a place commences, it commonly remains constant for a

considerable period. This immigration may be foreign and of a class that is made up of poor buyers; it may be of home stock and having new-world habits of purchasing. This must be considered. Then the incomers may be of nomadic habits, stopping only a little time in one place, often leaving debts which are either uncollectible or to be collected only at a considerable discount. Then, too, a district on account of climatic, social or real estate advantages or disadvantages may get a superior or inferior class of settlers. While it is impossible to forecast heavy migratory moves like those to Texas and South Canada, yet the ordinary steady drift to or from a section may be forecasted with reasonable exactitude.

Need of a Progressive Class of Settlers.—Progressiveness is a quality which is often overlooked in considering a location. Are the people progressive? is a question upon the answer to which depends the eventual success of the retailer. For if the community is unprogressive, the retailer's is bound to be an uphill fight. A community of retired farmers—as an instance—should be avoided like a pestilence. Certain nationalities noted for haggling habits and a strong tendency to retain old world methods of economy never make good customers.

Then, too, it must be remembered that the railway and real estate agents create an artificial excitement which tends to make trade conditions seem better than they are. These conditions are pictured as ideal—a condition that never exists.

THE SMALL TOWN—ITS ADVANTAGES AND DISADVANTAGES.

Towns of a few hundred inhabitants often present the feature that the first comer in a line practically shuts out competition, having the field to himself. Such a field is placed second in the list of desirable locations; it is restricted but sure.

Small Town Advantages—and Disadvantages.—The advantages of the small town are: No heavy taxes, small insurance rates (particularly if the building be

brick and detached); no call for heavy outlay for advertising or selling expense; small loss from change in styles and stock depreciation.

The disadvantages of small town retailing are, for the greater part, those which come from the small area from which to draw trade. Town trade will form but 5 to 20 per cent of the total sales—country trade must be relied upon for the remainder. Only a certain monthly sales-average can possibly be reached. It is not possible, no matter what the inducements made, to get the yearly sales-total beyond a certain figure.

Another disadvantage of such a location is that sales are too intimately connected with courses outside the control of the retailer. A crop failure means a corresponding loss of trade—or what is nearly as bad—the option of carrying a large bulk of accounts, all of which are bound to be slow, and many uncollectible. Where a country area depends upon other operations, as stock-raising or lumbering, what effects these lines unfavorably is bound to show on the sales summary of the small-town retailer. These risks, however, are growing fewer from year to year, and more exact information on them, where they do exist, may be obtained with relative ease. Comparative crop reports; stability of yield of any region; tons of mining output—are all matters of record and are to be consulted with little expense.

The point in a small-town business is here: The retailer—hazarding all his eggs in one basket—should be sure that the basket is a stanch one.

SUBURBAN RETAILING—THE ADVANTAGE IT OFFERS.

The great advantage of suburban trade is that it is constant and for the greater part cash. The disadvantage is that the suburban retailer is subject to "big" competition of the city to which he is adjacent. Between this great advantage and the big disadvantages are a host of conditions affecting one line one way, another another. The suburban dealer is near his buying market: he can buy close to his needs and can keep in

actual touch with price tendencies and often take advantage of other conditions favorable to buying. This same close-to-market condition, combined with cash sales, makes it possible to run a business on a relatively small capital. The dealer is able to keep a minimum line of stock on hand, and by taking 30 or 60 days' time and making a quick turnover, finds that the only advantage of capital is that he is able to take his discounts.

A unique advertising campaign often will divert a great deal of custom that might go to the city stores. Being in close touch with customers, the personal appeal may be made with effect. All the local appeals of the country dealer against the catalog house may be used with their variants; the dealer may use the "home dealer" argument to make a powerful appeal.

Meeting Small Competition.—Small competition—on the other hand—is more insidious and more difficult to meet. Suburban districts are especially attractive to small businesses. Such stores are usually made a family concern; there is little expense for clerk hire; regular hours are not maintained, the store opening when trade is liable to begin and closing only when no more trade is to be had. This makes competition which is hard for the regular dealer—hiring help which demands stated hours—to meet. The city also is a powerful competitor in securing help—there is a dash and excitement about city work which attracts regular workers and leaves a restricted supply of labor for the suburban dealer. The retailer who is so situated or who can so shape his businesses as to get suitable labor and meet more powerful city competitors, can build up a safe, conservative, satisfactory business.

RETAILING IN A DOWNTOWN DISTRICT OF A LARGE CITY.

The men who have built up a successful retailing business in a downtown city district, without ample capital, may almost be counted on the fingers of one hand. Those who have made the effort, number thousands. Many fail outright; more build up a business

only to sacrifice it to someone with capital waiting for such opportunities.

Advantages—and Disadvantages of City Location.—The great advantage of the city business which has been referred to before is volume of trade. The trade is to be got; it is all a question of getting. Emergency cash is also available. The banks or brokers on the one hand, and reduction sales on the other offer a means of quick financing probably nowhere else so available. But in order to live, the retailer must do a certain volume of business daily or monthly. Rents are almost prohibitive and subject to constant advance on account of overbidding. The great problem of shifting trade is constantly with the city dealer. In many business districts trade shifts week by week—almost hour by hour—becoming better—or worse almost while it is being studied. Outside influences commonly control this. A new office building, the construction of which takes six months or a year, may be put up alongside an established and paying business. This means that the "drop-in" trade attracted by window displays is practically eliminated. A department store may enlarge so as to accentuate competition not felt before. An entire line of trade may suddenly take up methods of business promotion which had been featured by one concern, and business worked up along that line may be dissipated in a short time. But building and readjustment conditions are perhaps the next common reason for immediate shifts. Other causes work slower. Trade slumps, however, once started, are deadly in their rapidity. In the haste to get sales to cover, the financial end of the business may suffer.

Buying from a Near Market.—The benefits which come from nearness to market are discounted somewhat by the buying power of cash in large sums. In a city full of buyers, the buyer who has a reserve fund of ready cash can outbuy the dealer in ordinary circumstances. This means that the dealer who has to buy on long time must be at a discount in his purchasing. The ideal city buying system exists where a dealer may go into market with spot cash and get his purchases on the shelves the day of purchase or the day following.

Summary of Advantages of Different Locations.—In comparing the various locations, it is seen that the ability of the retailer and the financial support that he has help solve the problem of location. Known promotive and sales ability, coupled first with knowledge of the line; and second, with ample backing, fit a dealer for city ventures. As each of these factors is known to be less, the dealer should limit his efforts to the various other fields. Actual fields are comparatively few; potential fields are many. The proposition is right when the man is right and the backing is right.

HOW TO SOLVE THE PROBLEM OF RETAIL BUYING.

The second great factor upon which good retailing depends is that of right buying. The first meaning that is brought to mind by this term is synonymous with "close buying;" "buying cheap." Because the buyer has from time immemorable worked to hammer prices down to the lowest point, that is no reason why this is the only point of view from which purchasing should be approached.

The professional buyer who devotes himself to nothing else has a different field than the ordinary retail buyer. The former is a commercial engine for getting low prices. The department heads keep him posted as to their requirements and his sole function is to purchase. The retail buyer usually is the proprietor or owner. His is the problem to determine what stock it is advisable to buy, as well as to get a low price on what is bought. It is a double-barreled problem.

Judging Probable Demand.—The retail buyer first of all judges the probable demand—as nearly as possible. The records of past sales in all cases form the basis for this estimate. Not what ought to have been done, but what was done is to be counted. The percentages of increase and decrease on department and line sales make a good buying barometer. Consid-

eration must be given to the relative sales strength of the different departments of the business, if the business be departmentalized.

Buying for a Quick Turn-Over.—By the new meaning of the term "close buying" is meant buying close to demand. A dealer who has been very successful in turning his stock says on this point:

"The secret of good retail buying is found in shortening the time between purchase and sale, down to the lowest possible point. 'On and off the shelves' should be the retailer's motto—and should be sedulously borne in mind. Each item of merchandise has an average period—the time it normally occupies in the store between its receipt and sale. When an item exceeds its average time in stock it commences to lose money for the owner. This is as true when it is one of an assortment the rest of which has been sold, as when it is an individual item. For the profit on the rest of the assortment has been taken and none of that profit should go to the credit of the remaining item.

"Right here it is necessary to figure. An oversupply of left-overs means poor buying. Is there such an oversupply? This determined it decides the question of whether the stock was well bought or not. The left-overs is an infallible index—to the kind of buying—granted, of course, that the sales department has done its share."

Different Methods of Buying.—Different buyers employ widely differing methods. A stock of goods may be bunched into a few big orders or scattered about among a large number of suppliers. Each method has its advantages. Where a buyer ties up to two or three leading houses, these firms generally see him through on his proposition. With their heavy capital and large interests they are able to protect the buyer who bulks his trade with them. They are also able to give steady patrons the benefit of the market on regular deals, and can often advise them of "snaps." The buyer who shops around cannot claim these favors.

"Buy where prices are the lowest," is the motto of the dealer who divides his trade. By tying to no one house or set of houses and by thoroughly canvassing the mar-

ket for bargains by the buyer who "splits his lines" often offsets the disadvantages which come from diversified buying.

Buying of the Salesman.—The old idea that the salesman is an adversary from whom concessions are to be wrung only by superior strategy is being rapidly abandoned. The good salesman now aims to co-operate with the retailer in keeping the business on a paying basis. Any good salesman prides himself on protecting his trade. He knows that nothing would hurt the permanency of his future business more than "loading up a buyer."

A good method of keeping in touch with the stock prepares the dealer for the salesman's visit at any time. (Such a method embraces a daily sales record and summary and some form of perpetual inventory.) The inventory and want book form a basis for buying, showing the best sellers and slow movers.

The good buyer continually impresses on the salesman that he wishes goods that may be quickly turned; that he wishes further to take advantage of the salesman's experience, and finally always treats the salesman with the same courtesy and fairness that he would expect himself.

THE SELLING END OF THE BUSINESS.

In order to live the retail business must sell. Nothing can take the place of the sales end of the organization. The accounting department may be behind for weeks; the buying department may exercise poor judgment; even the finances may be subject to actual mishandling and the business still live. But when sales stop the entire business stops. A retail business without sales is as inconceivable as an engine without motive power. Yet the orderly study of sales is of recent growth. It began in the highly organized city stores where—owing to the necessity for specialization—the numerous factors of trade promotion were reduced to a workable basis.

Retail selling has two broad divisions, reaching out for trade—attracting the customer; and handling trade—

satisfying the customer. The first division rightly uses the following methods:

(1) Advertising,
(2) Circularizing,
(3) Distribution,
(4) Price Lists,
(5) Personal Solicitation,
(6) Display.

"Ready-Made" Advertising.—The problem of retail advertising has been automatically solved by many retailers who use advertisements prepared by the jobbers from whom they buy. A typical advertiser's service of this class is maintained by the Buck Stove and Range Company, of St. Louis. The object of the service is, first, to furnish such advertising as will sell more stoves; second, to get the dealer on the right advertising track so that he may sell more goods of every class. The first is directly productive of results; the second is indirect, as the dealer who makes a success of general advertising campaigns will work up a better business and will feel grateful toward the house which has shown him how to do it.

Advertising service of this class supplies tested advertisements which have a result-record. It furnishes copy, cuts, dummies and instructions for selling. It gives instruction for following up and handling the trade which comes from advertising; in fact, all points for boosting trade are covered in full.

The advantages which come from this method of advertising are many. First of all, a manufacturer or jobber spends a great deal of money on experimental advertising and comes to learn—as exactly as can be learned—what methods in advertising will pull and what will not. Maintaining a large force of experienced writers, these men are able, because of their experience, to get up much better advertising than the average dealer. Then, too, the matter of time is a considerable factor. Even were the dealer able to write good advertising, his time is taken up with other matters and he would either be obliged to have a man who could do that class of work or take his own time from the needed work of the store.

Where for any reason advertising service is not open to a dealer he may by keeping in touch with advertising, business and trade magazines; and, by preserving his own advertisements as run from time to time, form the basis from which to work up his daily or weekly advertisement. The disadvantage of this method is that it is imitative, and being blindly done the ad-writer is liable to work hit-or-miss fashion. When advertising written by the imitative method pulls, the one writing may not be able to determine the reason. When advertising matter is written from principles instead of by imitative methods the advertisements' pull may be duplicated because of a knowledge of the principles on which the advertisements were based.

Where a concern is large enough, it is necessary to give the advertising over in detail to the advertising man. To get results, it is necessary that the advertising man be a fluent and capable writer; that he have a good knowledge of the goods—preferably from actual work in the line; that he be schooled in salesmanship methods; and finally that he be supplied with information from the various departments of the store, which are to be advertised. Sometimes it is possible to have a department head or other employee take care of the advertising—this to take only a portion of his time.

THE USE OF CIRCULARIZING IN A RETAIL BUSINESS.

Perhaps no method of reaching for trade is so badly abused or so neglected as circularizing. By this term as used here is meant, of course, the stimulation of trade by sending circular letters to a list of names. Circularizing is simply salesmanship in one of its varied forms. That this is not fully realized is shown by the fact that many dealers who are wizards behind the counter and who can write a pulling advertisement, are content to send a cheap printed or process letter—generally in announcement form—to their customers. Circular sales campaigning calls for just as much diplo-

macy and tact as behind-the-counter selling—more, in fact, because the letter is in cold print, and as such is subject to the scrutiny and study of the prospective buyer.

One of the many reasons why circularizing has been unsatisfactorily done is because methods have not been employed which admit of keying. A dealer who has just lately taken up circularizing in connection with keying methods says on this point:

"Our customer list runs to about 3,000 to 4,000. We had been in the habit of saving up the circulars sent us by the various suppliers and bunching them together and sending them out under one-cent postage. Sometimes we accompanied them by an imitation typewritten letter without address and fill-ins; occasionally we made the letter more nearly personal by an inside address and filling-in in two or three places, the name of the person addressed.

"We could only trust that these methods were 'getting the business'—we had no proofs of it. There was no sudden influx of business after the circulars were sent out—practically no customers ever referred to their having received them.

"We decided to use the same methods in soliciting business by letter that we had used so successfully in making personal sales, so we worked it this way. The head of each department in rotation was given a week to put out a sales letter. This letter he was requested to make personal to make it an informal talk if he did not feel qualified to write a traditional form letter. Each man was advised to study the different methods of keying and apply one of those methods to his letter so as to make the business traceable. Ordinarily this was done by making some concession, discount or other inducement to a customer or prospect to bring in the letter when he came to the store.

"These methods resulted in traceable business. It was found that almost any personal letter would pull when well gotten out along salesmanship lines. The best results were from letters closely imitating typewriting, having a pen signature instead of a rubber stamp, and signed by the department head. (Some dealers fear

to give employees too much prominence in soliciting trade for fear they may become competitors. Our experience has been that such men make the best competitors. Having been treated 'right' when with the old house they have no 'grouch' to satisfy should they ever go in business for themselves.)

"The matter of lists was taken care of in this manner:

We had kept a more or less perfect list of customers, having come by this list in two ways. Charge customers showed on the ledger. We knew the names of 90 per cent of the remaining customers.

"On ordinary cards such as are sold by any card supply house, were listed—as far as possible—the name and address of every customer the store had sold in the past and who had not since moved away. Columns were left for future years' business. These cards formed the nucleus of the list. Then the county map, having the names of every land owner in the county was consulted. Circles designed to show all residences within 5, 7½, 10, 12½, 15, 17½ and 20 miles of the store were drawn. Then the cards were sorted, as it would be necessary to make greater concessions to distant trade.

"The 'prospect list' we got from three main sources. The map referred to listed land owners—not renters. Renters' names were in the county directory—also on the personal tax list at the County Auditor's. We had no difficulty in compiling a list of every man in the country who ought to buy from us. In order to verify this list and get names spelled right we submitted it to several business men in the city, not competitors of our line. These men verified many of the names, idenitfying several as 'slow pay,' added a number to the list and changed the spelling of many foreign names, with a view to the fact that every man is more influenced by a letter which bears his name as he himself habitually writes it.

"City names were more easily compiled. The voting and tax lists and the directory were used and the city list was quickly put in shape.

"Unfortunately our list of cash sales could not be apportioned accurately, as we had never listed the names

of the buyers along with their purchases. The correction of this oversight was provided for in the future by noting the name of cash purchasers on sales slips, arranging these slips alphabetically and posting them at leisure on the customer's card.

"Such circular letters as were to be put out were designed first to increase the total purchases of those already buyers, and next to get prospective buyers into the store, to make them customers.

"Before carrying out any of the projected circularization plans, we called together our sales force and several friends, with one main purpose in view—that of getting as accurate information of each customer and prospect as possible. This information-meeting was productive of the best results. Scarcely a card did not bear some bit of concise information when the session was through. Special care was taken to designate those customers and prospects who were the center of 'interest-circles' who—when they bought extensively at one store—brought other trade with them. The get-at-able side of each prospect was thoroughly studied.

"Try-outs we did not use. In a retail business, time of year, the weather, special bargains, and like conditions affect returns heavily. In fact, the try-out is not ordinarily adapted to the retailing business.

"Results were estimated from letters sent to the list by crediting all keyed business to the letter. Also new business—where it was not advisable to insist on tracing it too close—was also so credited.

"The results—particularly on new business—were very satisfactory. The new customer list was increased about 18 per cent, 90 per cent of which was directly traceable to circularization."

RUNNING A RETAIL STORE WITH ECONOMY.

The retail store must be an economical machine. It must be able, once the goods are bought, to handle them economically and sell them at a profit. While the machinery of retailing comprehends every part of

the organization, yet the section under this head will deal particularly with those items which are not generally figured by the average retailer.

There is a big discrepancy between the price for which an item is sold and the price at which it is bought, that is not profit. Only after the incidental and overhead charges have been deducted and all other items of expense accounted for, can what remains be called "profit." This statement is not as obvious as it appears on the face of it. Many a retailer is letting some obscure cost items get away. He is not charging enough against the cost of handling.

There are three sets of costs, which assembled, make the final cost to buy and sell. The first group includes the supplier's price for the goods and all expense up to the time of placing them on the shelves. Second, is what may be termed "stock" charges, consisting of all charges which may be brought against the stock, once it is placed. Lastly are the "building" charges, embracing all charges which may be brought against the building in which the business is conducted.

Items of First Cost.—There are commonly four items embraced in first cost. These are as follows:

(1) Invoice Cost,

(2) Freight,

(3) Drayage,

(4) Marking and Placing.

Invoice cost is the basis on which all other costs are figured. It is the price which is paid for the goods after the discounts, if any have been deducted. To the invoice cost must be added the freight or express charges, to get the goods from the supplier to the depot. Drayage charges embrace those charges which are necessary in carting the stock from the depot to the store. Lastly are the marking and placing charges. Goods must be unpacked, must be marked for sale and must be placed upon the shelves before they can be sold. Then the summarized cost of all operations up to the shelving point is really the basis on which should be figured all other costs. This means that

the dealer who figures his selling prices on the invoice cost alone, is letting three items get away from him.

Stock Cost.—First of all, the cost to be taken into consideration as affecting the stock, is that of depreciation. This may be little or nothing, or it may be a considerable item. In a hardware store, handling non-perishable goods, which are salable at all times of the year, the average depreciation on a stock would not be more than two or three per cent. On a stock of green goods, often handled by grocers, the depreciation at certain seasons of the year might run as high as fifty per cent per day. Between these two extremes lie the correct depreciation figures for other stocks. It is of great importance that the correct unit of depreciation be taken. If it is too little it may mean that there is an apparent loss on the goods as sold when there really is a profit, the profit having been charged off to the depreciation. On the other hand, if the unit of depreciation is figured too high, it means that there may be a loss when there seems to be a profit. So the depreciation table should be drawn up with care. It should embody the results of the retailer's experience in the locality where he is handling the goods.

Depreciation is not to be confused with "percentage of non-sales." Every business is bound to have its left-overs. On stock running both to sizes and qualities, the percentage of non-sales may be large in bulk. In stock not running to sizes and qualities, the percentage of left-overs is bound to be small. Whatever this percentage is, it should be figured definitely and should be charged against the stock.

Shrinkage.—Shrinkage of stock—either on the shelves or in warehouse or storage—embracing loss by leaking or breakage is probably not a form of depreciation, though it may be figured as such. Depreciation deals with the loss which comes from age—through a stock going out of style and the like. Shrinkage, leakage and breakage have more to do with handling the product.

Insurance.—Insurance is one of the charges which must be reckoned against the stock. Unlike the other

items before spoken of, it is commonly charged against it and is not one of the factors which is liable to be overlooked. Insurance on the stock and insurance on the building should be kept separate. This is not commonly done. The insurance charge on both building and contents, where building is owned by the retailer, is commonly lumped together and charged off as one item. Insurance on stock is one of the charges which applies to stock alone. The fact that the building has to be insured has nothing to do with the cost of the stock, except as put in under building repairs.

Taxes.—Taxes is another charge which is to be reckoned with, but the subject presents no unusual difficulty, either in finding or apportionment.

Contributions by the Retail Dealer.—Every retailer is subject to constant drain on his smaller finances from both out-and-out contributions, and from purchases of tickets to entertainments, dances and the like. These demands vary in many cases from actual "hold-ups" to good business expenditures. Many dealers charge them to general expenses, but a better method is that of calling all contributions a stock charge and apportioning it as such.

After the determination of stock charges it is necessary to apportion them. There are three methods of apportioning these charges. The first is that of taxing the stock as a whole. The second method is that of spreading it over the stock, but apportioning it differently on different classes of goods. The third method is that of charging specific items with such amounts as it seems that they should be charged with. Each of these methods has its advantages.

The first method, that of apportioning stock charges over the stock as a whole, presents no bookkeeping problems and calls for little care in the work of doing it. On a $20,000 stock on which the stock charges were $1,000 each dollar of stock (figuring on the cost price) would bear five per cent stock charges. The disadvantage of this method is that while it is equitable for some classes of stock, it is not for others. If the depreciation for instance, on an entire stock, is one per cent per year and the depreciation on some items is

fifty per cent a year, and on others, practically nothing, it is obviously not fair to weight down the low depreciating goods with the charges which ought to be put against those which depreciate rapidly.

Apportionment on Class of Stock.—A better method than that outlined above is that of classifying the different kinds of stock handled, figuring what percentage of burden each different line should bear, and then apportioning the charges accordingly. Whether or not this makes too much work to be practical, depends entirely into how many lines the stock is classified. In a department store this might run into a large number of classes. In a store handling pretty much a uniform quality of goods, two or three classifications would be sufficient. This would make the apportionment of cost a very simple matter.

Apportionment on Specific Items.—Some few dealers find it practical to go still further and make an apportionment of stock expense on specific items, but this is seldom carried to extremes. What generally may be done to advantage is to select certain hazardous items, which—because of their nature—are more liable to stock charges than others. In a store having a large assortment of different lines, certain items might both depreciate and be subject to a large percentage of non-sales. These items should be made to bear their proportionate burden; the remaining items of stock—not subject to this expense—should not. Apportionment on remaining items may either be divided or be made by the blanket method. Unless the accounting department of the business is very accurate and resourceful, however, these methods of figuring and apportioning stock expense must be very sparingly used.

Building Expense.—Stock expense has been defined as that expense which is directly chargeable against the stock. Building expense includes those items of expense which are chargeable against the building in which it is necesary to transact the business. These expenses are very simple and not liable to be overlooked. The first expense is that of rent of the building. This may be or may not be charged when the building is owned by the retailer. Practices differ in re-

gard to this. In some cases it is customary to charge up a rent expense, this being the nominal rent which the place would afford were it leased to other parties. Sometimes this rent item is not disposed of in this way, but is considered as part of the legitimate profits of the business and handled as such.

Heat, Light, Insurance and Similar Charges.—The charge of the heating and lighting is made as part of the building expense; insurance and taxes on the building is also properly charged here. There may be one or two other minor items, such as power, if an elevator is used, but usually these are uncommon.

Applying Expense Items.—The sum total of all items determined under cost expense, stock expense and building expense brings the cost of marketing the product up to the point where the sale of it is to be made. If to this the cost at this point is added the cost of selling, the difference between the amount received and the list cost will be the profit. Take a specific item for instance, an item which costs on invoice 85 cents; if it costs 15 cents for freight, unpacking and placing on the shelves, then the expenditure up to the selling point is $1.00. Previous records have established an average cost of sale, "usually about 25 per cent; this additional charge will bring the item up to $1.25. This amount, $1.25 is then the cost to buy and sell. Everything obtained above $1.25 is, therefore, profit. The chances to make profit lie, therefore, in two places; first, in the ability of the sales department to dispose of the goods at a saving over the estimated 25 per cent; and second, to obtain more than $1.25 for the item. Were the item to be marked for sale at $1.50, the profit would be 25 cents, plus the amount that could be saved on the sales cost.

Sales Cost.—The cost to sell in retailing is made up of the two divisions, direct cost, embracing clerk hire, and indirect cost, which embraces advertising, supervision of help and collections.

Where a store is departmentalized, it is possible to compare the relative selling expense of the different departments. This expense will depend considerably upon the kind of goods handled. Where items are small

and requiring a great deal of work for each dollar of sales, the charges for clerk hire will be large. Where items are large and sold at a considerable profit, the charges for clerk hire will be relatively small. This is very noticeable in a departmentalized business. It does not show in a business having a few clerks or in a store where the clerks wait upon the trade in different departments.

Indirect Sales Charges.—Indirect sales charges of a retail business are those which have to do with advertising, supervisional, accounting and collections. Usually the advertising charge is the largest. All charges for advertising of whatever kind, where the local advertisements run daily or weekly in the newspaper or circulars or price lists, are embraced in the advertising charges. Supervision charges embrace those charges for superintending the help in the various departments. Accounting and collection charges are perhaps best considered as a part of sales, though in some cases those charges may be spread over the entire remaining items of expense.

The management of a retail business in dealing with this class of costs, the danger is not so much that the items of the expense will get away, but that they may be wrongly placed.

THE PRINCIPLES OF BUSINESS-GETTING DISTRIBUTION.

Thousands upon thousands of dollars are spent by suppliers, on advertising matter, samples, hangers, almanacs. It can never be ascertained just what part of this expenditure is wasted—perhaps one-half would be a conservative estimate. A great part of this loss comes from matter wrongly planned and gotten up. As great a loss comes from wrong distribution—sales matter placed in the wrong hands or where it is destroyed without doing any advertising good.

The purpose of good advertising distribution is to correct this. Corrective measures may be of two kinds, those which aim to get the right matter to distribute

and those which use the right methods of distribution. Usually the retailer is concerned only with the latter. Occasionally a dealer gets up his own advertising matter for distribution; more commonly he distributes what is sent him by his suppliers. The best plan is to use both methods.

Distributing Supplier's Advertising.—The first step in the distribution of advertising matter is to get the best selection available. There is a wealth of advertising to be drawn from, but systematic methods should be used in getting it. First a letter should be written to the various suppliers requesting a list and samples of advertising matter which they furnish the trade. When answers and samples are received a judicious selection should be made. A dealer should always avoid over-drawing on advertising matter. Some dealers are in the habit of putting in a requisition for all the matter they think they can get. A better plan is to make a rough estimate of the amount of goods bought of each firm and make each supplier bear the advertising expense proportionately. Because a firm has a catchy line of advertising is only one reason why it should be ordered extensively; only when sales back up the requisition should a request be made.

Working With the Supplier.—Better results are uniformly obtained when the retailer works with the supplier in distributing. As a usual thing every piece of advertising gotten up by a house is made for some specific purpose. A good advertising man aims to keep his sales matter well rounded. In a sales proposition the kinds of advertising should be definitely apportioned, say 15 per cent toward publicity sales, 60 per cent for direct inquiries, 25 per cent for retailer's inquiries. When a dealer requisitions advertising, his supplier may be campaigning for either publicity or inquiries. Consequently the best way to get a satisfactory supply is to request of the supplier that there be sent such advertising matter as will best fit in with his plans, together with instructions that it would be best to follow in making the distributions; some houses will send these instructions, more will not. But the request will stamp the dealer as belonging to the progressive school.

Besides, what instructions are received will be the result of the experience of the supplier in obtaining results, and as such form a valuable course of instruction in result-getting.

Whenever a supplier furnishes advertising matter for distribution, not only should instructions be carried out, but some sort of a report should be rendered on the results. The largest wholesaler in the land depends heavily upon the results that the dealer can get for him. If he remains in ignorance of these results it means that there will be a porportionate waste. Of this waste in marketing the dealer must pay some part. Consequently it is to the interest of the retail trade to make a distribution just as efficiently as possible and then let the wholesaler or manufacturer know as to what results were obtained and how secured.

Co-operation With the Salesman.—Every live salesman has pretty exact information on the advertising policy of his house. He is anxious to see sales in his territory as large as possible. Every piece of advertising matter which is distributed in his territory helps him in making sales. As a consequence the salesman can and will co-operate with the dealer in securing good distribution. When buying a line for 90 days delivery, for instance, plans may be laid and advertising matter requisitioned and distributed before the line is in stock. In this way the goods will move rapidly when received. Then, too, when a dealer has a line in stock which is moving slowly, the expert counsel of the traveling salesman on distribution—as well as on other selling methods—will often help to move the goods.

GETTING THE BENEFITS OF A SUPPLIER'S DISTRIBUTION.

"Sampling," as it is commonly called, is a form of distribution made by a manufacturer or jobber in order to stimulate the retail trade. Breakfast foods are perhaps the most common instance of sampling methods. A distribution of this kind may or may not benefit the local dealer, depending upon how he is situated. All

sampling campaigns tend to stimulate the line distributed. At the same time such campaigns may cover so much ground that the individual result to each dealer is small. This means that the progressive dealer must plan to get a good share of the result from the supplier's campaign.

How to Reap the Benefits of a Distribution.—One method of getting large results from a supplier's distribution is to make some arrangement that the work may be handled from the retailer's store and that all advertising matter bear his imprint. Where there are other dealers handling the same line—where there is not an exclusive agency—there may be difficulty in making this arrangement. But even such an arrangement may be made where sales warrant it. Where a dealer has the bulk of the trade in a town on a certain commodity, this gives a strong lever in working for an exclusive distribution.

Another method of getting results from a supplier's distribution is that of accompanying it with specialized advertising calling attention to that feature in a bright, newsy way. In addition to this some special inducement should be made to turn trade to the advertiser. Some combination offer may be made which brings in the distributed product, featuring it at the advertised price, in connection with some appropriate items which may be cut. This method will be instrumental in securing trade on the new product and will associate it, and the advertising done for it, with one store.

Sometimes it is possible to make an arrangement with the supplier, such that the retailer does systematic distribution himself. This may be done by a regular distributor—of which there are usually one or two in every town—or a clerk may take out a crew of boys and cover a considerable territory in three or four days. In such a distribution—as in any, in fact—two cardinal rules should be observed. First, the circular should embody a request to come to the store; second, the circulated matter be actually placed in the hands of the prospect. It is the worst kind of waste to leave circulars and samples on porches or at doors. The matter distributed should be left only with the prospective buyer.

Careless distribution of cheap printed matter quickly tends to bring a store into disrepute. Sometimes a cheap handbill, dodger or flyer may bring in a little trade, but the ordinary patron generally associates such methods with cheapness. If ordinary circulars are to be distributed, this should be done in a systematic manner. It often pays to circulate a bargain list on a certain day of the week. Sometimes trade may be greatly stimulated by having a Thursday (or some other day of the week) sale. This will be featured by the regular advertising, and "reminders" distributed may reach prospective customers that other regular advertising might not find.

THE USE OF PRICE LISTS AND BULLETINS IN RETAILING.

The most common use of lists in retailing is that of the familiar "stock" list, sent out by jobbers and manufacturers. These lists are printed in immense editions and are forwarded in lots of hundreds or thousands to retailers for distribution. Usually on the back is left a space for stamping or printing the name of the firm making the distribution.

The stock list has many advantages. It can be gotten up by the supplier at a very low cost, because of the fact that he has on hands cuts, captions, and other reading matter, necessary to make up such a list. He can also secure low rates on large runs on the immense city presses. This the retailer would obviously be unable to do. In the matter of illustrations alone, take a list having 16 or 32 pages and it may have 5 or 10 cuts on a page. The retailer could not secure these cuts, drawn and engraved, except at prohibitive prices. The supplier, having a large accumulation of these cuts on hand for use in regular catalogs, can get up a smaller list in an immense edition, at a very low price.

Distribution of Jobbers' Lists.—The usual methods of distributing lists may all be used in putting out a lot of catalogs furnished by the supplier. The best results have been uniformly obtained when some system-

atic distribution is made. By systematic distribution is meant some regular method of getting them into the hands of actual and prospective customers so that some record may be kept, both of the distribution and the results coming therefrom. These methods are taken up on another page.

As a general thing the stock lists get the best results when distributed by means of circular letters. Every tendency to cheapen the list in distribution should be watched for and overcome. If the customer thinks the list is cheap he is not liable to give it much serious attention. Consequently it is a good system to accompany a list by a circular letter, calling attention to some particular bargain, which is to be found in the list. To go farther along the same line, it will pay to make up assortments of bargains which may be found in the small catalog.

General Lists.—The cost of getting out a general list is commonly prohibitive. An exception is sometimes found where the retailer's business has a large mail order trade. In this instance and particularly where pages and plates may be obtained from the supplier, a very satisfactory general list may be made up. In making up a catalog of this kind each page should be made complete. Also goods should be so classified in the catalog that those remaining permanent in style and quality are grouped in one place, while those changing in style and quality are found in another. A great deal of planning should be done before a catalog of this kind is put together; when a page is made for a catalog the aim should be to make it as permanent a page as is possible. In a hundred-page catalog perhaps fifteen or twenty plates may be used from time to time in four or perhaps six different editions of the catalog, a month or several months apart. In these days of machine composition, it is possible to get up quite a creditable list and not be to a large expense for plates. The catalog may be run from engravings and from the slugs. The latter may be changed without a great deal of expense.

Special Lists.—Special lists and flyers, giving a list of special bargains, may be made up and distributed to

good advantage. These lists need not always be printed; they may be gotten up by some of the mimeograph processes in imitation typewriting and mailed to selected lists under a one or two-cent stamp—usually without a letter accompanying.

House Organ.—A good house organ, well edited, containing a good list of prices, neatly printed and well distributed, may prove a wise investment. It depends so much on the quality of the man who has it in charge that it is not always possible to forecast whether or not it will be a success. Nothing is more liable to prove uninteresting and unprofitable than a sheet gotten out for a retail store by the office or delivery boy during spare moments.

The editorial part of the paper may be made up of store news, a little personal information with a few bright local hits, and a neat, attractive price list. Such a paper may be circulated once a week to advantage.

Where the printing offices of a city are equipped with type-setting machines, it is possible to get out such a sheet for the same sum which would be paid to a good retail clerk.

Where a store has a contract with a daily or weekly paper running advertisements daily or weekly, much of the same advertising matter that is used in the advertisements may be duplicated in the house paper, and not only this, but the printing will be done very reasonably where a contract for advertising space is kept alive at the same time.

DEALING WITH SPECIAL PROBLEMS OF RETAILING.

There are a number of special problems peculiar to retailing with which the progressive store man must deal. He must not only avoid a wrong solution of them, but he must attempt to get the benefits of a right solution. One question which troubles every retailer is the matter of cash or credit. A cash basis has certain advantages and disadvantages. Similarly a credit basis of handling trade has its factors for and against it.

Cash Basis.—The first-rate advantage of a cash basis in retailing is that there is no loss through bad debts. Where no one is trusted—where in order to get the goods the buyer must lay down the money—there is obviously no chance for loss through misjudgment of credit. At the same time that the loss from bad debts is wiped out the many chances for misunderstanding are stopped. Many a credit customer has been lost owing to some slight dispute over the amount which is owed on an old bill. This is entirely obviated where business is run on a cash basis.

With the loss from bad debts also goes the expenditure for accounting. Where accounts are run it is necessary to do considerable bookkeeping. All of this costs. Not only may the accounting department make mistakes, but it also costs considerable money to maintain.

The dealer who is running his business on a cash basis knows where he stands at any day of the week or any hour of the day. The money that he has in his till or cash register, plus the stock on his shelves, always equals the inventory value of his plant. When he locks the store at night he knows within a few dollars what his real worth is. There is no worry, no uncertainty. Whether this be reckoned as one of the large advantages of the cash business, depends considerably upon the temperament of the retailer. Some men are much averse to taking chances; they naturally lean toward a cash business. Others liken business to a gamble; they naturally are willing to take more risks in order to get more trade.

The dealer who is running his business on a cash basis is able to use better buying methods than one who is obliged to extend credit. This means that the cash business can sell cheaper. Cash prices are invariably somewhat under credit prices, as they do not have to bear the burden of bad debts and accounting. In certain lines this is an important item. Where competition is close and the majority of customers buy in small lots or where a community or neighborhood is made up of "snap-seekers," the ability to quote lower prices is often a winning card. It draws indirect as

well as direct trade and gives the talking point of a lower price.

The first great disadvantage of a cash basis in retailing is probably that the change from a credit to cash basis has a tendency to drive away certain classes of trade. Whether or not the business can stand this loss depends entirely upon the ability of the retailer as a business-getter. It is a well known maxim in trade that long credit tends to larger sales. As a consequence the tendency of the cash buyer is to go without things when he does not have the money to buy them. The credit buyer, on the other hand, will "get them charged" and consequently buy from five to twenty per cent more goods than the one who pays cash. So well is this fact known that many of the larger stores campaign actively for the middle class and well-to-do credit customers. A customer who knows that his credit is good at all times is much more liable to be a heavier buyer than one who has to lay down the money.

Then again there is something about cash buying that attracts a class of people who are not only somewhat sparing buyers, but who are also very critical buyers. The cash buyer, being independent, is liable to drive a shrewd bargain.

Cash trade is liable to be more or less transient. Credit tends to bind a customer somewhat closely to one store. When a dealer has extended credit favors to a customer year after year there is a bond of sentiment which tends to hold that customer to his old store. This tendency is entirely lacking in cash trade.

In a manufacturing district or where pay rolls are made out every two weeks or every month—especially the later—trade is very liable to be very slow along the last of the month as the employees run out of money. It would be interesting—as well as instructive—if a table could be compiled giving the number of people who live from "hand to mouth." This would probably embrace a considerably larger percentage than is commonly known. Such patrons must let up somewhat in their purchases along the last of the month before payday, if they are cash buyers.

A large dealer who owns several stores in the resident district of a large city says:

"The majority of our patrons are paid from the 20th to the 25th of the month. Along about the 15th or a little before, trade commences to slack up on us. This means that some of our customers are 'waiting for payday.' We have tried special methods to overcome this tendency, but we always run up against the fact that the customer is out of cash."

Another disadvantage of cash trade is that it is liable to be transient. The customer with the money can buy anywhere he chooses. If competition comes up in the neighborhood, even if it is for but a short time, the cash store is pretty apt to feel it. A new store may come in and demoralize trade for a few months. Even if it eventually goes out of business it has hurt trade just that much. The new store invariably attracts cash custom and, at the other extreme, poor credit custom. The cash custom is drawn, of course, from the cash stores in the vicinity.

Credit Methods.—First among the advantages of a credit basis in retailing is that custom upholds it. It always has been, and probably always will be, good commercial custom to extend credit to those who have the right to ask it. There is no surer way to offend the average customer than to refuse him credit. He is so used to receiving it that he has never gone into the ethics of the matter and always looks at it from his own standpoint. Not only this, but the public seems willing to pay the extra sum that must be added to the price in order to sell by credit methods. When it is considered the ruinous rates of interest which some people will pay for a loan, it is not to be wondered at that the ordinary customer is willing to pay one, two or five per cent in order to get credit benefits.

Greater Volume of Business.—There being more credit customers than cash customers and they being more permanent in their trade, this gives a greater volume to business to be had by the dealer running business on a credit basis. Not only is the volume of business greater, but as a usual thing the scrutiny of

the goods is not so careful when credit is liberally extended. It does not become a customer to be finicky when the dealer is granting him a favor by giving him credit.

Disadvantages of a Credit System.—The big disadvantage of the credit system is that it always has with it a proportionate loss from bad debts. This the dealer constantly tries to keep down, but just as constantly the bad debt ratio keeps on increasing. Nor is it always possible for the dealer to protect himself by good collections. The dealer who is too strenuous in his collections is liable to make as active an enemy as though he had never extended credit. Indeed he not only loses trade that he has nursed along, but his former customer becomes his worst "knocker."

Changing to Cash Basis.—Many dealers wish to change from a credit to a cash basis, but hesitate to take any step which will lose them trade. There are two methods of making a change of this kind. The first is to introduce the system gradually; second, to start at once on a cash basis. The first method is generally found to be the better. Such a course can begin by having business looked after a little more sharply. The various customers may be listed and given a rating, then when these customers show a tendency to run beyond their rating they may be rounded up and collections made from them. If this is done in a diplomatic manner it will result in the loss of little trade. The losses in the credit business come from the large accounts which show a tendency to get larger and larger. Then when an account has reached a considerable size the customer transfers his business elsewhere, and the dealer who has extended the credit loses the custom and the money both. In making change to cash basis these customers should be brought down to a reasonable amount of credit. Some of them will be lost, but this means that the loss will be smaller than if they were allowed to go on. As this plan is carried out, the average term of credit may be shortened more and more. If the business stands it, it may shorten up to actual cash. This may take considerable time, say six months or a year. The advantage of this method is

that the dealer does not declare himself but works on the "gum-shoe method" and can retrace his steps at any time.

Immediate Change to a Cash Basis.—Where a dealer has thoroughly canvassed the situation and has come to the conclusion that a cash basis will surely pay him, he may find it advisable to make a change at once. This plan calls for a great deal of advance work. The best customers—those who have been in the habit of running bills—should be seen and thoroughly acquainted of the reasons why the new order of affairs is to be tried. They should be given to understand that while their credit always has been good and their trade is always wanted, yet that they can make a substantial saving by buying for cash. This work should surely be done in advance; it should not be left until the change has been decided on and then an attempt made to pacify a dissatisfied customer who wishes credit.

Perhaps the most trade—when a change is made from credit to cash—is lost by the customer coming in the store and ordering a bill of goods and asking it to be charged and then for the first time, finding out that the store is now on a cash basis. Many times customers will deliberately make this as an excuse for changing their trade to somewhere else. They wish some justification for making a change and deliberately ask for credit, surmising that it may be refused.

DEALING WITH "SPECIAL SALES."

Whether or not to hold special sales is a vexed problem with the retailer. A dealer who sees the large amount of custom which a special sale attracts is liable to look at the volume of the trade which the sale secures and not at the amount of cash that it brings in or the demoralization that it works.

As a general thing the special sale is a demoralizer. It is the old subject of over stimulation. When trade is poor there are legitimate means of stimulating it by means which eventually are bound to react. It seems to be the consensus of opinion that the special sales is in the latter class. It has a tendency to stock up the con-

sumer somewhat beyond his immediate needs. After a sale of this kind, the general trade is bound to suffer to a greater or less extent.

Where a dealer is subjected to this kind of competition he should take reasonable steps to determine whether or not these sales pay those who hold them. In case a sale of this kind does pay when handled on a conservative basis, it might be tried.

COMPETITION—HOW DEALT WITH.

Three kinds of competition are peculiar to the retail trade and uniformly difficult to meet. These are common to practically all localities and all require substantially the same general methods in meeting them.

(1) Where fellow merchants are destructive campaigners.

(2) Where excursions are run to the city and patrons are in the habit of doing city buying.

(3) Where there is catalog house competition.

These three kinds of competition are all similar in that they require pretty much the same methods to combat them. The first method of offsetting the evils of competition is found in the general educational campaign. Marketing goods is to a certain extent nothing more or less than conducting a campaign of education. If buyers know that the policy of a certain house is to build up and not to tear down, they naturally have a friendly feeling toward that business. The methods of doing this educational work are through the newspapers, through dealers' associations and through city development societies.

Using the Newspaper.—The best retail businesses work more and more in conjunction with the newspapers in their territory. It is now a recognized fact that the purchase of advertising space entitles a dealer to the incidental benefits—the by-products of newspaperdom. The advertising columns of a paper now influence the entire editorial policy. Where an advertiser is paying money right along to the advertising department of a paper he should use methods of securing co-operation in the marketing of his product. He should especially

demand articles of news value which tend along the same line as the dealer uses in his educational campaign. The dealer should remember that often the best advertising for his business is so hidden or concealed as not to be recognized as advertising.

The strong lever which the dealer can use is the fact that the success of the entire community which he represents is interwoven with his own success. What is of benefit to a community or to one of the dealers which make up that community, is of advantage to all.

Where fellow merchants are destructive campaigners they may often be reached through the medium of the newspapers of a town. No newspaper which has the interest of the community at heart will back up a dealer who, through ignorance or willfulness, persists in a destructive campaign. Dealers' associations produce a unity of purposes which tends to offset destructive campaigning. Care should be taken not to allow the public to assume that the dealers' association is for the purpose of maintaining a trust or raising prices.

Catalog House Competition.—There is no use disguising the fact that catalog house competition is a very formidable competition to meet. In certain sections of the country, perhaps 30 to 50 per cent of the business done is in the hands of catalog houses. In country localities, easily accessible to Chicago, for instance, it is no uncommon thing for neighbors to club together and "send away" for their supplies. This condition is so well known that it only needs touching on. What must be done to remedy it? is what is of interest to the dealer.

Correction Is in the Dealer's Hands.—There is but one class of business men to look to for the correction of this condition. This is the dealer himself. The customer will never correct it; the jobber will never correct it; the manufacturer will never correct it. It is something that is unconditionally "up to" the retailer himself. In spite of the fact that catalog house competition is a menace to the country dealer he often does practically nothing to offset it. A campaign of vituperation will not wipe out catalog houses. There is a reason why the customer buys from a catalog

house. No one has to look for that reason. It is because catalog houses have made a study of the best methods of marketing a product and adhere religiously to it.

Avoiding Abuse.—If the retail dealer believes that catalog houses secure trade by unfair means; if he thinks that they give better value, than he is able to do, it is a poor plan to advertise the fact. If he must advertise it, however, it should be done by someone who will not be thought of in connection with the retail dealer. Attempts to laugh the catalog house out of existence will meet with failure; it is too strong an institution and must be met with good selling methods, not with ridicule. The same energy which might be used in abusing a mail order house can be turned to better advantage in making sales.

INDEX

A

Page

"A 1," Definition of 237
Abatement, Definition of 237
Abbreviations and arbitrary signs used in business 251
Absolute indorsement, Definition of 237
Absorbed, Definition of 237
Account, closed card 94
" Definition of 237
Accounting, Corporation 40
Accrued dividend, Definition of 237
Acknowledgment of deeds 52
Acknowledgements, before whom taken 52
Acquittance, Definition of 237
Actual assets, Definition of 237
Adaptability of card systems 88
Adjustment bond, Definition of 237
" formulas 159
" mortgage, Definition of 237
Adjustments, Fire insurance 152
Advantages of card systems 88
" of vertical filing 120
Advertising 170
" Appropriations for 102
" Attitude of dealer toward 190

Advertising copy, Preparation of 173
" for employees 283
" Form of reference book for..... 103
" in mail order business..... 151
" matter, Right distribution of..... 345
" Mediums to be used in..... 170
" Method of keying..... 171
" necessary to success in mail order business 95
" Object of 171
" Rates and price schedule for..... 103
" Record of, in the mail order business.. 96
" Retail 324
" Selection of medium for..... 104
" Size and price schedule for..... 103
" System and concentration in..... 106
" System for 102
Advertisement, Analysis of..... 177
" keyed, Results shown by..... 105
" Selling points of..... 179
Advertisements, Display of..... 173
" Kinds of 171
" Wording of 172
Afloat, Definition of 39
Agencies, Mercantile 138
Agency, Definition of..... 28
" Dissolution of 31
" Factor and broker..... 29
" how created 28
" Limited and unlimited..... 29
" Renunciation of 31
" Revocation of 31
" Special and general..... 29
" Termination of 31

Agent, Authority of 28
" Compensation of 30
" Liability of, to his principal..... 30
" Liability of, to the third party..... 30
" Subject to accounting..... 30
Aid, a mechanical, to memory..... 114
Aliquot parts of a pound avoirdupois..... 226
" parts of a ton..... 226
" parts of one dollar..... 225
" parts of time 226
" percentages of one hundred..... 225
Allocation, Definition of..... 237
All-'round price, Definition of..... 238
Analysis of the printed advertisement..... 177
Application for charter..... 33
Applications, Patent 58
Appropriations for advertising..... 102
Arbitrage, Definition of..... 238
Arbitrary signs used in business..... 251
Arrha, Definition of 238
Assessment, Definition of..... 238
Assets, Definition of..... 238
Assigning or subletting of lease..... 48
Associations, Building and Loan..... 147
Assignment of Copyright..... 75
Austria, Patent laws in..... 63
Aval, Definition of 238
Avoirdupois measure 203

B

Backing, Definition of..... 238

Balance sheet, Definition of 238
Ballooning, Definition of 238
Bank, Definition of 20
Bankers' method of calculating interest 219
Banking, A system for 89
Bankruptcy law, The 55
" Avoiding losses in retail 197
" Causes of 197
Bankrupts, Duties of 56
" Who may become 55
Banks and Banking 20
" city, Card for 91
" Different classes of 20
" Federal Reserve 25
" of circulation 21
" of deposits 20
" of discount 21
" of exchange 21
" out of town, Card for 91
" Postal Savings 24
" Private 21
Bear, Definition of 238
Bearing the market, Definition of 238
Belgium, Patent laws in 64
Bid and asked Quotations, Definition of 238
Bills, How to check 200
" Table for checking 201
Blanket mortgage, Definition of 238
Blind pool, Definition of 238
Block, Definition of 238
Board of trade, Definition of 238
Bond, Definition of 238
Bonded, Definition of 238

Bonus, Definition of....308, 238
Book value, Definition of.... 238
Bookkeeping, Definition of.... 141
" Systems of 142
Books close, Definition of.... 238
" Closing set of 144
" open, Definition of.... 238
Borders 182
" Distinctive 177
Branch bank, Definition of.... 239
" stores, how distinguished in factory shipments 111
Bucket-shop, Definition of.... 239
Bucketing of Stocks, Definition of.... 239
Budget, Definition of.... 239
Building and loan associations.... 147
Bull, Definition of.... 239
Bulling the market, Definition of.... 239
Business, Abbreviations and arbitrary signs used in 251
" classifications 121
" corporation, Definition of.... 32
" dictionary 237
" law 5
" Mail order 150
" methods 133
" tables 189
Business letters, Contents of.... 134
" " Courtesy in 135
" " Elements of 133
" " Length of 135
" " Mechanical make-up of.... 133
" " Tact and tone in.... 134
Buyer four, ten, twenty, etc., Definition of.... 239

By-bidder, Definition of..... 239
Buying Back, Definition of..... 239
Buying, Methods of..... 322
By-laws, Classification of..... 39
" Definition of 38-239

C

CALCULATING INTEREST, BANKERS' METHOD OF..... 219
" " "Lightning Method" for.... 219
Called Bond, Definition of..... 239
" loan, Definition of..... 239
Call, Definition of..... 239
Canada, Patent laws in..... 63
Capacity cards, Use of, in factory shipments..... 112
Capital, Definition of..... 239
Capital stock, Definition of..... 34
Card, Account closed..... 94
" Corporation 92
" customers, Use of, in soliciting..... 114
" index, Use of, in law office..... 116
" Inquiry 96
" Introduction 94
" Order 97
" record, Use of, in correspondence..... 100
" system, Advantage of, in correspondence.... 101
" Trust company 93
" systems 88
" " Adaptability of 88
" " Advantages of 88
" " Cost of maintaining..... 89
" " how made 88

Card System Removal of useless matter in..... 89
" " Use of 89
Cards, capacity, Use of, in factory shipments..... 112
" special, Form of, for factory shipments.... 111
" Use of, in mail order business..... 98
Carrier, Definition of 49
" Delivery by 51
Carriers, Kind of 49
" of passengers 51
" Private 49
" Public 49
Cases, law, How classified for record..... 117
Cash assets, Definition of..... 239
Cash basis for retailing, Advantage of..... 344
Casualty insurance, Definition of..... 45
" " Special forms of..... 46
Catalog houses, Competition of..... 347
Catch-lines, Stock 177
Cats and dogs, Definition of..... 239
Caveat, Nature of a patent..... 62
Certificates of stock 36
Charges forward, Definition of 239
" of carriers, Regulation of..... 50
Charter, Application for 33
" Corporation 32
Check, Definition of 17
" when designated "certified" 17
Chicago check, Definition of..... 240
Circularizing, Short cut in..... 185
Circular Letter or Credit, Definition of..... 240
" measure 203
Circulating notes 22
Circularized names, Recording and filing of..... 96

Circularizing, Retail 325
Circulation, Definition of..... 240
City trade, Working up..... 99
Classification of law cases for record..... 117
Classifications, Business 121
Classified bonds, Definition of 240
" stock, Definition of 240
Clearing Houses 24
Clips, Use of, in correspondence 101
Close corporation, Definition of..... 240
Closed for dividend, Definition of..... 240
Closing prices, Definition of..... 240
" set of books..... 144
Codicil, Definition of 54
Coining rate or value, Definition of..... 240
Coins of foreign countries..... 226
Coins of the United States 227
Collateral loan, Definition of..... 240
" note, Definition of..... 240
Collections 139
" Specific application of rules of..... 140
Collection charge, Definition of..... 240
Colors affected by light..... 166
Color blending 166
Commercial paper 13
Commitment, Definition of 240
Common carriers, Duties of 49
" carriers, Liability of 51
" stock, Definition of..... 35
" " rights of owner..... 35
Community of interest, Definition of..... 240
Compensatory damages, Definition of..... 240
Competition, how dealt with in retailing..... 346

Composition, Definition of..... 240
" Distinctive 177
Compounding, Definition of 240
Concessionaire, Definition of 240
Consent of parties necessary to sale..... 10
Consideration not necessary in negotiable paper... 14
Consignee, Definition of 240
Consignment, Definition of 240
Consol, Definition of 240
Consolidated bond, Definition of..... 241
" mortgage, Definition of..... 241
Constant, Definition of 241
Construction account, Definition of..... 241
Continued bond, Definition of..... 241
Contract, Definition of 5
" Limitation of liability by..... 51
Contract of sale, how made..... 10
Contracts 5
Contracts, Classification and kinds of..... 7
" Common rule regarding 5
" Competency of parties 5
" Elements necessary to 6
" Interpretation and construction of..... 8
" of married women..... 5
" of persons 5
" of sale 9
" Parol 7
" Performance of 8
" Reasons making invalid 5
" Rescinding of 9
" Specialties 7
" Specific performance of..... 9
" of minors 6
" under seal 7

Contractions in Multiplication..... 229
Contribution, Definition of 241
Controlling company, Definition of..... 241
Copyright 72
" Assignment of 75
" Deposit of copies required for..... 74
" Duration of 74
" Fees for 74
" How to obtain 72
" Infringement of 75
" Notice of 73
" Renewal of 74
Corner, Definition of 241
Corporation accounting 40
" bonds as an investment..... 147
" card 92
" Charter 32
" Charter powers of a..... 33
" Definition of 31
" Sources of managerial authority of.... 38
Corporations 31
" classified in accounting..... 40
" Entries for class 1..... 40
" Entries for class 2..... 41
" Entries for class 3..... 41
" Government supervision of..... 41
Corrected proof 211
Correspondence 133
" file, Arrangement of..... 100
" System for 100
" Use of card record in..... 100
" Vertical filing of..... 187

Cost, Definition of 161
" How to ascertain 154
" of a working force..... 303
" of production 160
Costs 160
Costs, Formula for figuring..... 233
" of retailing 333
" Outline of the subject..... 160
" Systems of in use 164
Coupon bond, Definition of..... 241
" Definition of 241
Covenants, Express and implied..... 47
Credit information, Sources of..... 137
" man, Knowledge necessary to..... 137
" methods of retailing..... 343
Credits 136
Crossed check, Definition of..... 241
Cubic or solid measure..... 202
Cumulative stock, Definition of..... 241
" voting 39
Current assets, Definition of 241
" liabilities, Definition of 241
Customers called on, List of..... 99
Customer's card, Use of, in soliciting..... 114
Cuts, Kinds of 181
Cutthroat mortgage, Definition of..... 241

D

DARK HOURS IN EACH MONTH..... 207
Dates, finding time between..... 207
Dating, Definition of..... 241
Dead assets, Definition of 241

Dead file 118
Dealers, attitude towards advertised goods..... 190
Debenture, Definition of 242
Debit and Credit, Definition of 142
Declaration of trust, Definition of..... 242
Deed, Requisites of a valid..... 54
Deeds, Acknowledgment of 52
Deferred bond, Definition of..... 242
Delivery by carrier 51
Demurrage, Definition of 242
Department, paying teller's, An important feature of 93
Departments of business, How to manage..... 273
Depreciation, Definition of 162
Dictation help, A..... 184
Differential rate, Definition of..... 242
Direct liabilities, Definition of..... 242
Discharging employees 309
Discount, Definition of 224
Discussion, Definition of 242
Display of advertisements 173
" of illustrations 182
Distances and time between New York and foreign cities, Postal 214
Distances and time between New York and other cities of the U. S., Postal..... 215
Distinctive borders and composition..... 177
" designs, Piracy of..... 179
" window displays 167
Dividend, Definition of 242
" off, Definition of..... 242
" on, Definition of..... 242
Divisional bond, Definition of..... 242
Dollar, Aliquot parts of..... 225

Domestic exchange, Definition of 242
" money orders 275
Domiciled, Definition of 242
Drafts, Kinds of 17
Drawback, Definition of 242
Drawn bond, Definition of 242
Drawing paper, Sizes of 206
Duration of Copyright 74
Duties of common carriers 49
" of bankrupts 56

E

ECONOMY IN RETAILING 328
Elements of a good business letter 133
" Those necessary to contracts 6
Employees, Advertising for 283
" Discharging 309
" Hiring, by answering advertisements .. 290
" Hiring, through an employment agency 287
" Supervision of 300
" Transferring 310
Employer, Liability of 12
Employers' unions 13
Employment Department, Advantages of 282
Envelope method, Use of, in law office 116
Equipment bond, Definition of 242
Equity, Definition of 242
Essentials to a valid sale 9
" How contractors figure 233
Estimates, How disposed of 162
Estimating profits 224

Eviction of tenant 48
Exchange, Definition of 242
Ex-coupon, Definition of..... 242
Ex-dividend, Definition of 243
Executed contracts 7
Executory contracts 7
Ex-drawing, Definition of 243
Ex-interest, Definition of 243
Expenditures, Figuring relation of income to..... 236
Expense account, Definition of..... 154
Express and implied covenants..... 47
Expressed contracts 7
Ex-rights, Definition of 243
Ex-ship, Definition of 243
Ex-store, Definition of 243
Extended bond, Definition of..... 243
Extension bond, Definition of..... 243

F

FACTORY SHIPMENTS 107
Federal Reserve System 24
" " " Advisory Council 27
" " " Bank 25
" " " Board 26
" " " Farm Loans 28
" " " Foreign Branches 28
" " " note issues 27
Federal Trade Commission..... 39
Fiat money, Definition of..... 243
Fictitious or watered stock..... 36
File, Dead 118

Filing correspondence 187
" method in law office..... 118
" Numerical system of..... 119
" of want cards 106
Finance committee, Definition of..... 243
Financial statement, Definition of..... 243
Financing a business proposition..... 262
Fire insurance adjustments 152
First-class mail matter 76
First mortgage, Definition of..... 243
Fiscal year, Definition of 243
Fixed capital, Definition of..... 243
" charge, Definition of..... 243
" charges, Definition of..... 162
" debt, Definition of..... 243
Floating, capital, Definition of..... 243
" debt, Definition of 243
" Definition of 243
" stock, Definition of 243
Fluid measure 208
Folded sheets, Measure of..... 205
Foreign exchange, Definition of..... 243
Form letter, Definition of..... 136
Formulas, Adjustment 159
Foul proof 210
Founders' shares, Definition of..... 244
Fourth-class mail matter 80
France, Taking out patents in..... 62
Fraud, Effect of, in life insurance..... 43
" Effect of, in marine insurance..... 45
" on part of buyer..... 11
Fraudulent contracts 8

Free coinage, Definition of..... 244
" overside, Definition of..... 244
Freight, Definition of..... 244
Fuel 164
Full paid stock 35
" stock, Definition of..... 244
Funded debt, Definition of..... 244

G

General mortgage, Definition of..... 244
Germany, Patent laws in..... 63
Gold bonds, Definition of..... 244
" point, Definition of..... 244
" reserve, Definition of..... 244
Goods and payment for carriage..... 49
" Definition of 49
" Marking 231
" Right to refuse..... 50
Good will, Sale of..... 11
Government depository, Definition of..... 244
" supervision of corporations..... 39
Great Britain Patent laws in..... 63
Gross cost, Definition of..... 153
" earnings, Definition of 244
" profit, Definition of..... 154
" purchases, Definition of..... 153
" sales, Definition of..... 154
" stock, Definition of..... 154
Growth of mail order trade..... 95
Guaranteed bond, Definition of..... 244
" stock 35

Guaranteed stock, Definition of..... 244

H

HALF STOCK, DEFINITION OF..... 244
Hiring help 279
Holder for value 15
Holders of common stocks, Rights of..... 37
Holding company, Definition of..... 244
House organs, Advantages of..... 340
How money grows at interest..... 220
Hypothecation, Definition of..... 244

I

ILLEGAL CONTRACTS 8
Illumination, indirect method..... 166
Illustrations, Display of 182
" in newspaper advertising..... 181
Immoral contracts 8
Implied contracts 7
In bond, Definition of..... 244
Income, relation to expenditures..... 236
Incorporation, Advantages of..... 32
Indirect illumination for show windows..... 166
" labor, Definition of..... 162
Indorsed bond, Definition of..... 244
Indorsement, Kinds of 17
Initialed check, Definition of..... 245
Inquiry card 96
Inspecting product, Importance of..... 279
Instant reference, a feature of card systems..... 88

Instruments, Negotiable 13
Insurable interest, Definition of..... 42
Insurance, Accident 46
" Credit 46
" Definition of 42
" Elevator 47
" Fidelty 46
" Fire 42
" Life 43
" Marine 45
" Plate glass 46
" policy, Cancellation of 43
" policy, Form of contract..... 43
" policy, Life, how worded..... 44
" Steam boiler 47
" Title 46
International Stock, Definition of..... 245
Interest, How money grows at..... 220
" How to compute compound..... 222
" How to compute simple..... 221
" Tables of 217-222
" Time at which money doubles at..... 220
Interference, in patents 60
Interim Dividend, Definition of..... 245
Interstate commerce law 50
Interview for hiring men..... 292
Introduction card 94
Inventors, Joint 57
Investment securities, Definition of..... 245
Investments 145
" Classes of 146
" Purchase 146
" Wildcat 148

Iron-clad note, Definition of..... 245
Irredeemable bond, Definition of..... 245
" currency, Definition of..... 245
Irregularities in management of corporation..... 38
Issued and outstanding stock..... 34
Issue, Definition of 245
Italy, Patent laws in..... 63

J

JOINT BOND, DEFINITION OF..... 245
" contracts 7
" Inventors 57
" mortgage, Definition of..... 245
" stock company, Definition of..... 245
Journalizing, Rules for..... 143
Judging the other man's letter..... 135
Judgment note, Definition of..... 245
Junk, Definition of..... 245

K

KEYING ADVERTISEMENTS 171
Kinds of Agency 29
" of cuts 181
" of drafts 17
" of indorsement 17
Kiting, Definition of..... 245
Knocked down, Definition of..... 245

L

LABOR, DEFINITION OF 161
Land grant bond, Definition of 245
" grant mortgage, Definition of 245
Landlord and tenant 47
Law, Business 5
" Interstate commerce 50
" office, A system for 116
" The bankruptcy 55
Lawful contracts 8
Laws, Naturalization 85
Leads and slugs 208
Lease, Assigning or subletting of 48
" Covenants of 47
" Rights and Liabilities under 48
" When to be in writing 47
" Words of grant in 48
Leased line, Definition of 246
Letter postage, Rates of 76
" rates, On what charged 77
Letters, Choosing words for 199
" Disposition of, in file 101
" Expressions to avoid in 200
" following draft 140
" Form 136
" how condensed in small space 102, 198
" of recommendation 136
" Postage on should be prepaid 77
" Returnable to sender 77
" Sealing of 184
" Where filed, in card system 101

Liability of carriers of passengers..... 51
" of corporation stockholders..... 34
" of common carriers..... 51
" Employer 12
" Principal 29
Life insurance policy, Form of..... 44
" " premiums, How graded..... 44
"Lightning method" for calculating interest..... 219
"Lightning method" of multiplication and division.. 225
Limited liability, Definition of..... 246
Liquid assets, Definition of..... 246
Listed stocks, Definition of..... 246
List of customers called on..... 99
" of prospects in soliciting..... 113
Loan and trust companies, how organized..... 23
" and trust companies, Kinds of business transacted by 23
Local sources of credit information..... 138
Location, Advantages of, in selling..... 316
Long and short haul clause, Definition of..... 246
Loss, Definition of..... 154
" Rules for ascertaining amount of..... 157
" To ascertain per cent of proportion..... 156
Losses in marine insurance..... 45

M

MAIL MATTER, CLASSES TRANSMITTED FREE..... 83
" " First-class 76
" " Second-class 78
Mail order business.....95, 150
" " " Advantages of system in..... 151

Mail order business, Advertising necessary to success in 95
" " " Competition in retailing, How met 347
" " " Qualifications necessary for.. 150
" " Record of advertising in..... 96
" " " Record of sales..... 96
" " trade, Growth of 95
Mailing List, sources of..... 196
Management, Business 261
Margin of Safety 146
Marked Check, Definition of..... 246
Market classification, essentials of..... 192
" for real estate 193
Marketing a product 311
Marking goods 231
Marks used in proofreading..... 213
Material, Definition of..... 162
Maturity Table 223
Measure, Avoirdupois 203
" Circular 203
" Cubic or solid..... 204
" Fluid 208
" Folded sheets 205
" Surveyor's square 204
" Tables of 202
Medium, Selection of, for advertising..... 104
Meeting of the minds..... 6
Memory, A mechanical aid to..... 114
Mercantile agencies 138
Merger, Definition of..... 246
Metric system 230
Mileage, Definition of..... 246

Minors, Contracts of, not absolutely void..... 6
Mixing property 30
Money orders, Domestic..... 83
" Time required to double, at interest..... 220
Mortgage buyers 194
" Definition of 246
Mortuary tables determined by average results.... 44
Multiplication and Division, "Lightning method" of. 228
" Contractions in 229
Municipal bond, Definition of..... 246

N

NAMES, CIRCULATED, RECORDING AND FILING OF..... 96
National Banks, Organization of..... 22
" " Powers of 22
" " Prohibitions of 23
" " Reserve required 23
Naturalization, Declaration of intention of..... 85
" laws 85
" of minors 85
Natural persons required to form a corporation.... 33
Necessities of life, Meaning of, in law..... 6
Negotiable instrument, Definition of..... 246
" instruments 13
" " Prerequisites necessary to negotiability 14
" paper, Determining the maturity of..... 223
Net cash, Definition of..... 246
Net cost, Definition of..... 153
" Definition of 246
" inventory, Definition of 154

Net profit, Definition of..... 154
" purchases, Definition of 154
" stock, Definition of 154
Newspaper advertising, Illustrations in..... 181
Nominal assets, Definition of..... 246
Non-assented stock or bonds, Definition of..... 246
Non-assessable stock, Definition of..... 246
Non-cumulative stock, Definition of..... 247
Non-speculative accounts, Definition of..... 144
No protest, Definition of..... 247
Notes, Non-presentment of does not void..... 16
" Who may demand payment of..... 16
Notice of copyright 73
" of death required in life insurance..... 45
" of loss necessary in insurance..... 43
" to agent 31
Nude contract, Definition of..... 247
Numerical system of filing..... 119

O

OBLIGATORY BOND, DEFINITION OF..... 247
Operating company, Definition of..... 247
Optional bond, Definition of..... 247
Option, Definition of 247
Oral contract in insurance..... 43
" contracts 7
Order card 97
Orders, How records are kept of..... 109
" Stop payment 93
" Work and stock..... 164
Ordinary prudence, Doctrine of..... 12

Overcapitalization, Definition of 247
Overcertification, Definition of 247
Overdraft, Definition of 247
Overhead price, Definition of 247
Overissue, Definition of 247
Overlying mortgage, Definition of..... 247
Ownership of Record 37

P

Paid-up stock, Definition of..... 247
Paper profits, Definition of 247
Papers, How made negotiable..... 14
Par, Definition of 247
" list, Definition of..... 247
Parcel Post Regulations..... 80
Parcel Post to foreign countries..... 84
Parent company, Definition of..... 247
Parity, Definition of 247
Participating bond, Definition of..... 248
Parties to negotiable instruments..... 15
Partner, new, Liability of..... 20
Partnership 18
" Formation of 18
" How dissolved 19
" Kinds of 18
" Nature and formation of..... 18
" Use of name in..... 19
" When in force..... 19
Partners, Authority of 20
" Individual debts of 20
" Kinds of 18
" Several, liability of..... 20

Partner's interest, Sale of..... 20
Passengers, Carriers of..... 51
Passing a dividend, Definition of..... 248
Passive bond, Definition of..... 248
Patent applications 58
" Assignment, Nature of..... 59
" foreign laws of 61
" interfering in 60
" Oath required in applying for..... 58
" office procedure 57
" Reissue of a..... 59
Patents, Drawings and models for..... 58
" Fees for 60
" Length of grant for..... 57
" When granted 59
Paying employes, Method of..... 306
Paying teller's department, Important feature of.. 139
Percentages, Aliquot, of one hundred..... 225
Perpetual record of grades and prices..... 107
Piecework, Record of time on..... 163
Piracy of distinctive designs..... 179
Plain bond, Definition of..... 248
Plant, Definition of 248
Pointers, Use of, in correspondence..... 101
Policy, Life insurance, form of..... 44
" record, Value of..... 116
Pool, Definition of..... 248
Postage, Domestic rates of..... 76
Postal cards, Rates on..... 76
Postal distances and time between New York and other cities of the United States..... 215
" distances and time between New York and foreign cities 214

Postdated, Definition of 248
Pound, avoirdupois, Aliquot parts of a 226
Preferred stock, Definition of 35, 248
" " How differing from bonds 36
Premium, Definition of 248
Premiums, Life insurance, must be paid 34
Preparation of advertising copy 173
Present value, How to ascertain 155
Price, Definition of 10
" list in retailing 338
" marks 145
Prices, Value of, in advertisements 172
Prime cost, Definition of 161
Principal or agent, Who may act as 28
" responsible for acts of agent 30
Printing, Tables of use in 208
Private Banks 21
" " Organization and functions of 21
" carriers 49
" mailing cards 77
Proceedings, Summary 48
Processing, The problem of 278
Product, Marketing of 311
Profit, Estimating 224
" How shown by want cards 108
" or loss in dollars and cents, To ascertain 156
" or loss, To ascertain per cent of 156
" Place occupied by, in costs 163
" specific, Marking goods to make 231
" To ascertain per cent of 156
Promissory notes, Kinds of 14
Promoters stock, Definition of 248

Proof, Corrected 211
" Foul 210
Proofreading 209
" Marks used in 213
" of importance to advertiser..... 184
Property, Value of 153
Proposition and acceptance..... 6
Proprietary company, Definition of..... 248
Prospects, How record of, is kept..... 115
" List of, in soliciting..... 113
Protest waived, Definition of..... 248
Protests 15
Proxy, Definition of 248
Public carriers 49
" securities 146
Publications, Second-class 78
" Special issues of 79
Purchase investments 146
Purchases, How to ascertain..... 155
Purchasing, Methods of 274
Put, Definition of 248

Q

Quarter stock, Definition of..... 248
Quick assets, Definition of..... 248
Quid, Definition of 248
Quotation, Definition of 248

R

Rapid calculation..... 228
Rates of postage on transient publications..... 79
Rates of postage to publishers..... 78

Real estate, Markets for..... 193
" " securities 146
Recommendation, Letters of 136
Record of policies, Value of..... 116
" of prospects, How kept..... 115
Redeemable bond, Definition of..... 249
Redemption Drawing, Definition of..... 249
Registered bond, Definition of..... 249
" coupon bond, Definition of..... 249
" stock, Definition of 249
Registrar, Definition of 249
Registration of mail matter..... 82
" " trademarks abroad 69
" " " in the United States.. 65
Rehypothecation, Definition of 249
Reissue of patent 59
Released indorsed bond, Definition of..... 249
Relief signs 169
Renting Prospects 194
Reorganization, Definition of 249
Repairs, Definition of 162
Resources, Definition of 249
Restrictive indorsement, Definition of..... 249
Results shown by keyed ad..... 105
Retail competition, how met..... 346
" trade, how to hold it..... 195
Retailing, Advantages of city..... 319
" " " suburban 318
" " " town 317
" Causes of failure in..... 197
" in competition with catalog houses..... 347
" over the counter 314
" Solving the problems of.....321, 341

Right, Definition of 249
" to refuse goods 50
Rights and liabilities under lease..... 48
Risks, Ordinary and extraordinary..... 12
Rough draft, Use of, in advertising..... 173
Routing, Change in, indicated on cards..... 110
" of orders, how handled..... 110
Rules for estimating body type..... 209
Rules and maxims in commercial law..... 5
" for determining property loss..... 152
" for journalizing 143
Russia, Patent laws in..... 63

S

Salaries, The Question of..... 304
Sale, Definition of 9
" of Personal property 9
Sales, Analysis of 189
" at auction 11
" Campaigns 311
" How affected by defects..... 10
" How to ascertain 155
" Record of, in mail order business..... 96
" Subject matter of 10
Salesmen's reports 138
Salvage, To ascertain, per cent or proportion of... 157
Savings banks 21
Scrap, Disposition of 164
Seasoned securities, Definition of..... 244
Second-class mail matter 78
Securities company, Definition of.....249
" Public 146
" Real estate 146

Seignorage, Definition of 249
Seller four, ten, twenty, etc., Definition of..... 250
Seller's option, Definition of..... 250
Selling expense, Definition of..... 162
" over the counter 314
" price, Constituents of 161
Serial bonds, Definition of..... 250
Several contracts 7
Shipments, Factory 109
Short cuts 184
Shorthand 148
" Specimen of the Benn Pitman system of 149
Sightdraft as a means of collection..... 139
Signature book, The, versus the card system..... 90
Sign, Requisite of a good..... 168
Signs 168
" Permanent 168
" Quality of 170
" Relief 169
" Temporary 169
" Window 169
Single-name paper, Definition of..... 250
Sinking-fund bond, Definition of..... 250
" Definition of 250
" mortgage, Definition of 250
Sizes of drawing paper..... 206
" " type 183
Slow assets, Definition of..... 250
Sola, Definition of 250
Soliciting, System for 113
Sources of credit, information..... 137
Special aid bond, Definition of..... 250
" assessment bond, Definition of..... 250

Special cards, Form of, for factory shipments..... 111
" delivery letters 84
" sales in retailing 345
Specific profits, Marking goods to make..... 231
Speculative accounts, Definition of..... 144
Stale check, Definition of..... 230
Stamped envelopes 83
Standard time 206
State and national banks, comparison of..... 22
" banks, how organized 22
Statements, when to be rendered..... 139
Stock catalog, How formed by want cards..... 107
" catch-lines 177
" certificates 36
" Determining value of..... 271
" How to ascertain 155
" issued and outstanding 34
" Ownership of 38
" Selling, to secure capital..... 267
Stockholder, Rights of management of..... 38
Stockholders 37
" Rights of 37
Stocks and bonds, Difference between..... 147
Stoppage in transit 10
Stop payment orders 93
Stores 163
" branch, how distinguished in factory shipments 111
" Issue of 164
Striker, Definition of 12
Sub-agents 30
Sub-company, Definition of 250
Subscribers, when accounted stockholders..... 37

Subsidiary company, Definition of..... 250
Suicide may or may not void policy..... 44
Suit by one partner against another..... 19
Summary proceedings 48
Supervision of corporations by government..... 39
Surveyor's square measure 204
Surplus, Definition of 250
Syndicate, Definition of 250
System, for a law office..... 116
" for correspondence 100
" for soliciting, A 113
" of filing, Numerical 119
" Metric 230
Systems, Card 88
" of bookkeeping 142
" of interest, discount, etc..... 217
" of use in printing..... 208
" of weight, measure, etc..... 202

T

TACK, DEFINITION OF..... 250
Tax bond, Definition of..... 250
Temporary signs 169
Tenant, Eviction of..... 48
Testament, Definition of 54
Third-class mail matter 79
Time, Aliquot parts of..... 226
" at which money doubles at interest..... 220
" loan, Definition of 250
Time-recording 163
Time, Standard 206
" Study 309

Torts 11
Ton, Aliquot parts of..... 226
Ton, Equivalent of a..... 204
Ton-miles, Definition of..... 250
Ton-mileage, Definition of..... 250
Trade information a source of credit knowledge.. 138
" Commission, Federal 39
Trade-marks, Application for 68
" " ownership of 66
" " registration abroad 69
" " registration in the United States.... 65
" " what can be registered..... 67
Train-mileage, Definition of..... 250
Train miles, Definition of..... 250
Transfer agent, Definition of..... 251
Transferring employees in the shop..... 310
Transit of goods 10
Traveler's letter of credit, Definition of..... 251
Treasury stock, Definition of..... 35
Trial balance, Tracing errors in..... 143
Troy measure 202
" pound, Comparison of..... 202
" " Equivalents of 202
" " Standard 202
Trust company card 93
" Definition of 39
Turn over, Definition of..... 251
Type, body, Rule for estimating..... 209
" Classification of, by faces..... 183
" faces 183
" Sizes of 183
Types, Conformity of, to medium..... 182
" Indicating the use of..... 175

U

UNDERLYING MORTGAGE, DEFINITION OF..... 251
Unfunded debt, Definition of..... 251
Unissued stock 34
United States, Coins of the..... 227
Unlawful contracts 8
Unlimited agency, Definition of..... 89
Use of card systems..... 89
Utter, Definition of 251

V

VALUE OF PROPERTY..... 153
Vertical filing, Advantages of..... 120
Via, Definition of..... 251
Voting, Cumulative 39
" trust, Definition of 251

W

WAGES, ANALYSIS OF..... 163
" How to pay 307
Want cards, Filing of..... 106
Warranties, Three implied, in marine insurance... 45
Warranty of sales..... 11
Watered stock, Definition of..... 36
Watering stocks, No law against..... 36
Weights, Tables of 202
When issued, Definition of..... 251
Wildcat investments 148
Will, Definition of 54
" Those competent to make a..... 54
" Witnesses required to..... 55

Window-dressing 165
" " Objects of 167
" " Special features in..... 167
Window signs 169
"With exchange," Definition of term..... 17
Work and stock orders..... 164
Working by Schedule, Method of..... 188
" capital, Definition of..... 251
" force, Cost of 303
" up city trade 99
Words of grant in lease..... 48
Written contracts 7

X-Y

X, Definition of..... 251
Yield, Definition of..... 251

P9-BGE-991